

EXHIBIT B

**COMMERCIAL ACCOUNT POLICY
COMMON POLICY
DECLARATIONS**

POLICY NUMBER	ISSUE DATE
AWR809722	02/28/2001

TRANSACTION: NEW BUSINESS

REX NUMBER: 014308
02/28/2001**NAMED INSURED and MAILING ADDRESS:**JOHN E. REID & ASSOC INC.
REID INVESTIGATIVE SERVICES
250 S. WACKER DR. #1200
CHICAGO, IL 60606-5841**BUSINESS:** POLIGRAPH EXAM & LEC**FORM OF BUSINESS:** CORPORATION**POLICY PERIOD:** From 12/01/2000 to 12/01/2001 at 12:01 A.M. Standard Time at your mailing address.

In return for the payment of the premium, and subject to all terms of this policy, we agree with you to provide the insurance stated in this policy.

COVERAGE PARTS and SUPPLEMENTS FORMING A PART OF THIS POLICY**COVERAGE PARTS and SUPPLEMENTS****PREMIUM***

COMMERCIAL PROPERTY COVERAGE PART	\$1,287.00
COMMERCIAL GENERAL LIABILITY COVERAGE PART	\$1,315.00
COMMERCIAL INLAND MARINE COVERAGE PART	\$310.00

TOTAL ANNUAL PREMIUM	\$2,912.00
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PREMIUM SHOWN IS PAYABLE ON INSTALLMATIC QUARTERLY PLAN

* This premium may be subject to adjustment.

The above numbered policy is completed by the use of these common declarations and the applicable coverage part declarations, together with the common policy conditions, coverage form(s) and forms and endorsements, if any.

NAME and ADDRESS OF AGENT:**COUNTERSIGNED BY:**

1208151

CRITCHELL-MILLER & PETRUS, INC
188 INDUSTRIAL DRIVE, SUITE 428
ELMHURST, IL 60126-1612

(Authorized Representative)

(Date)



AMERICAN EMPLOYERS' INSURANCE COMPANY
A Stock Company, Boston, Massachusetts 02108-3100

POLICY NUMBER	ISSUE DATE
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**COMMERCIAL ACCOUNT POLICY
COMMON POLICY
DECLARATIONS**

NAMED INSURED

JOHN E. REID & ASSOC INC.

LOCATIONS			
PREMISES NO.	BUILDING NO.	OCCUPANCY	ADDRESS
00001	001	OFFICE	250 S. WACKER DR. #1200 CHICAGO, IL 60606-5841
00002	001	OFFICE	1175 FIRE TREE TRAIL EAGLE RIVER, WI 54521-8404
00003	001	OFFICE	1291 TYSON RD EAGLE RIVER, WI 54521-8974

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**COMMERCIAL ACCOUNT POLICY
COMMON POLICY
DECLARATIONS****NAMED INSURED**

JOHN E. REID & ASSOC INC.

LOSS PAYEE SCHEDULE				
PREMISES NO.	BUILDING NO.	DESCRIPTION OF PROPERTY	PROVISIONS APPLICABLE	NAME AND ADDRESS
00001	001	PERSONAL PROPERTY	LOSS PAYABLE	MINOLTA BUSINESS SYSTEMS 15325 SE 30TH PLACE STE 100 BELLEVUE, WA 98007-6597
00001	001	PERSONAL PROPERTY	LOSS PAYABLE	PITNEY BOWES CREDIT CORP C/O LEASE INSURANCE AGENCY P.O. BOX 960895 BELLEVUE, WA 98009

POLICY NUMBER	ISSUE DATE
AWR809722	02/28/2001

COMMERCIAL ACCOUNT POLICY COMMON POLICY DECLARATIONS

NAMED INSURED
JOHN E. REID & ASSOC INC.
DECLARATIONS, FORMS and ENDORSEMENTS

The following is a listing of the declarations, forms, and endorsements which form your complete policy:

INTERLINE FORMS:

IL00171185	COMMON POLICY CONDITIONS
IL01180399	ILLINOIS CHANGES
IL02840590	ILLINOIS CHNGS-CANC & NON-RENEWAL
G107790588	EXECUTION OF OFFICERS' SIGNATURES
IL09350898	EXCL.OF CERT.COMP.RELATED LOSSES
G150920599	POLICYHOLDER NOTICE
P03510497	PROP. SELECT PLUS
IL00171198	COMMON POLICY CONDITIONS
IL02830498	WISCONSIN CHANGES
IL00210498	NUCLEAR ENERGY LIAB EXCL (BROAD FORM)

PROPERTY FORM COVERAGES:

CP00900788	COMMERCIAL PROPERTY CONDITIONS
CP00100695	BUILDING AND PERSONAL PROPERTY
CP10300695	CAUSES OF LOSS-SPECIAL FORM
CP00300695	BUSINESS INCOME & EE OTHER
CP15560297	BI-PERIOD OF REST - NO WAIT
CP01131196	WISCONSIN CHANGES

LIABILITY FORM COVERAGES:

G108170796	HIRED & NON-OWNED AUTO LIAB.
CG21470798	EMPLOYMENT RELATED PRACTICES EXCLUSION
G141330996	POLICYHOLDER NOTIFICATION-CG2147
G155530500	POLICYHOLDER NOTICE
G155430500	BRIDGE ENDORSEMENT
CG00010798	COMMERCIAL GENERAL LIABILITY COVGE FORM
CG02000487	ILLINOIS CHGS-CANCELLATION & RENEWAL
L29260791	ABSOLUTE ASBESTOS EXCLUSION
CG04310998	YR 2000 COMPUTER RELATED LTD. COVG.
CG00550397	AMEND OF OTHER INS. CONDITION
CG01240193	WISCONSIN CHNGS-AMEND OF POLICY COND

INLAND MARINE FORM COVERAGES:

CM00010695	COMMERCIAL INLAND MARINE CONDITIONS
CM02040487	ILLINOIS CHANGES
CM01280399	ILLINOIS CHANGES INTENTIONAL ACTS
G127260496	SCHEDULED ARTICLES DECLARATION
G127270594	SCHEDULED ARTICLES COVERAGE FORM

G116730691	IMPORTANT NOTICE FOR WISCONSIN
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COPYRIGHT, COMMERCIAL UNION INSURANCE COMPANY, 1992



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(11-85)

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. INSPECTIONS AND SURVEYS

We have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give you reports on the conditions we find; and
3. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

E. PREMIUMS

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums, and
2. Will be the payee for any return premiums we pay.

F. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.



IL 00 17 11 98

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;

b. Give you reports on the conditions we find; and

c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.



IL 01 18 03 99

ILLINOIS CHANGES

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY**

- A.** When this endorsement is attached to Standard Property Policy **CP 00 99**, the terms Coverage Part and Coverage Form in this endorsement are replaced by the term Policy.
- B.** The following is added to the **Legal Action Against Us Condition**:
The 2 year period for legal action against us is extended by the number of days between the date the proof of loss is filed with us and the date we deny the claim in whole or in part.
- C.** If this policy covers:
- 1.** The following in **a.** and **b.**, then Paragraphs **2.** and **3.** apply:
 - a.** Real property used principally for residential purposes up to and including a four family dwelling; or
 - b.** Household or personal property that is usual or incidental to the occupancy of any premises used for residential purposes.
 - 2.** The second paragraph of the **Appraisal Condition** is deleted and replaced by the following:
 - a.** Each party will pay its own appraiser and bear the other expenses of the appraisal and umpire equally, except as provided in **b.** below.
 - b.** We will pay your appraiser's fee and the umpire's appraisal fee, if the following conditions exist:
 - (1)** You demanded the appraisal; and
 - (2)** The full amount of loss, as set by your appraiser, is agreed to by our appraiser or by the umpire.
 - 3.** The **Concealment, Misrepresentation Or Fraud Condition** is replaced by the following:
CONCEALMENT, MISREPRESENTATION OR FRAUD
 - a.** This Coverage Part or Coverage Form is void if you or any insured ("insured") commit fraud or conceal or misrepresent a fact in the process leading to the issuance of this insurance, and such fraud, concealment or misrepresentation is stated in the policy or endorsement or in the written application for this policy and:
 - (1)** Was made with actual intent to deceive; or
 - (2)** Materially affected either our decision to provide this insurance or the hazard we assumed.

However, this condition will not serve as a reason to void this Coverage Part or Coverage Form after the Coverage Part or Coverage Form has been in effect for one year or one policy term, whichever is less.
 - b.** This Coverage Part or Coverage Form is void if you or any other insured ("insured"), at any time subsequent to the issuance of this insurance, commit fraud or intentionally conceal or misrepresent a material fact relating to:
 - (1)** This Coverage Part or Coverage Form;
 - (2)** The Covered Property;
 - (3)** Your interest in the Covered Property; or
 - (4)** A claim under this Coverage Part or Coverage Form.
 - c.** Notwithstanding the limitations stated in **3.a.** above, we may cancel the Coverage Part or Coverage Form in accordance with the terms of the Cancellation Condition.
- D.** For the Commercial Property Coverage Part and the Standard Property Policy, the following exclusion and related provisions are added to Paragraph **B.2.** Exclusions in the Causes of Loss Forms and to any Coverage Form or policy to which a Causes of Loss Form is not attached:
- 1.** We will not pay for loss or damage arising out of any act committed:
 - a.** By or at the direction of any insured; and
 - b.** With the intent to cause a loss.
 - 2.** However, this exclusion will not apply to deny payment to an innocent co-insured who did not cooperate in or contribute to the creation of the loss if:
 - a.** The loss arose out of a pattern of criminal domestic violence; and
 - b.** The perpetrator of the loss is criminally prosecuted for the act causing the loss.
 - 3.** If we pay a claim pursuant to Paragraph **D.2.**, our payment to the insured is limited to that insured's insurable interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.
- E.** The **Intentional Loss Exclusion** in the Causes of Loss Form – Farm Property, Mobile Agricultural Machinery And Equipment Coverage Form and Livestock Coverage Form is replaced by the following:
- 1.** We will not pay for loss ("loss") or damage arising out of any act committed:
 - a.** By or at the direction of any "insured"; and
 - b.** With the intent to cause a loss ("loss").



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03 99

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2. This exclusion, however, will not apply to deny payment to an innocent co-"insured" who did not cooperate in or contribute to the creation of the loss ("loss") if:
 - a. The loss ("loss") arose out of a pattern of criminal domestic violence; and
 - b. The perpetrator of the loss ("loss") is criminally prosecuted for the act causing the loss.
3. If we pay a claim pursuant to Paragraph **E.2.**, our payment to the "insured" is limited to that "insured's" insurable interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.



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ILLINOIS CHANGES—CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS POLICY
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART**

- A. The CANCELLATION Common Policy condition is replaced by the following:

CANCELLATION.

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation
2. If this policy has been in effect for 60 days or less, except as provided in paragraphs 9. and 10. below, we may cancel this policy by mailing written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. If this policy has been in effect for more than 60 days, except as provided in paragraphs 9. and 10. below, we may cancel this policy only for one or more of the following reasons.
 - a. Nonpayment of premium;
 - b. the policy was obtained through a material misrepresentation;
 - c. You have violated any of the terms and conditions of the policy;
 - d. The risk originally accepted has measurably increased
 - e. Certification to the Director of Insurance of the loss of reinsurance by the insurer which provided coverage to us for all or a substantial part of the underlying risk insured; or
 - f. A determination by the Director that the continuation of the policy could place us in violation of the insurance laws of this State.

If we cancel this policy based on one or more of the above reasons except for nonpayment of premium, we will mail written notice at least 60 days before the effective date of cancellation. When cancellation is for nonpayment of premium, we will mail written notice at least 10 days before the effective date of cancellation.

4. We will mail our notice to you, any mortgagee or lienholder known to us and to the agent or broker, at the last addresses known to us.
5. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
6. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The

cancellation will be effective even if we have not made or offered a refund.

7. Proof of mailing will be sufficient proof of notice.
8. Our notice of cancellation will state the reason for cancellation.
9. REAL PROPERTY OTHER THAN RESIDENTIAL PROPERTIES OCCUPIED BY 4 FAMILIES OR LESS:

The following applies only if this policy covers real property other than residential property occupied

If any one or more of the following conditions exists at any building that is Covered Property in this policy, we may cancel this policy by mailing to you written notice of the cancellation at least 10 days before the effective date of cancellation.

- a. After a fire loss, permanent repairs to the building have not started within 50 days of satisfactory adjustment of loss, unless the delay is due to a labor dispute or weather conditions.
- b. The building has been unoccupied 60 or more consecutive days. This does not apply to:
 - (1) Seasonal unoccupancy; or
 - (2) Buildings under repair, construction or reconstruction, if properly secured against unauthorized entry.
- c. The building has:
 - (1) An outstanding order to vacate;
 - (2) An outstanding demolition order; or
 - (3) Been declared unsafe in accordance with the law.
- d. Heat, water, sewer service or public lighting have not been connected to the building for 30 consecutive days or more.

10. RESIDENTIAL PROPERTIES OCCUPIED BY 4 FAMILIES OR LESS:

The following applies if this policy covers residential properties occupied by 4 families or less:

If this policy has been in effect for 60 days, or if this is a renewal policy, we may only cancel this policy for one or more of the following reasons:

- a. Nonpayment of premium;
- b. The policy was obtained by misrepresentation or fraud; or
- c. Any act that measurably increases the risk originally accepted.

The provisions of paragraphs 9. and 10. above do not apply to coverage under the Glass Coverage Form



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11. For insurance provided under the COMMERCIAL PROPERTY COVERAGE PART, the following applies:
GRAIN IN PUBLIC GRAIN WAREHOUSES

(Not applicable to grain owned by the Commodity Credit Corporation)

The following apply only with respect to grain in public grain warehouses:

the first Named Insured or we may cancel this policy at any time by mailing to:

- a. The other; and
- b. The Director of the Illinois Department of Agriculture (at its Springfield Office);

60 days written notice of cancellation.

- B. the Following is added:

NONRENEWAL

1. If we decide not to renew this policy, we will mail written notice stating the reason for nonrenewal to your last mailing address known to us at least 60 days before the expiration date of the policy. A copy of the notice will also be sent to;

- a. The broker, if known to us, or the agent of record; and
- b. The last known mortgagee or lienholder named in the policy at the last mailing address known to us.

This paragraph does not apply if we have manifested our willingness to renew directly to you.

2. The following provision applies only if this policy covers residential properties occupied by 4 families or less:

If this policy has been issued to you and if effect with us for 5 or more years, we may not fail to renew this policy unless:

- a. The policy was obtained by misrepresentation or fraud;
- b. The risk originally accepted has measurably increased; or
- c. You received 60 days' notice of our intent not to renew as provided in 1. above.

The provisions of paragraph B.2. above do not apply to coverage under the Glass Coverage Form.



IL 09 35 08 98

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

**BOILER AND MACHINERY COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY**

- A.** We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
- 1.** The failure, malfunction or inadequacy of:
 - a.** Any of the following, whether belonging to any insured or to others:
 - (1)** Computer hardware, including microprocessors;
 - (2)** Computer application software;
 - (3)** Computer operating systems and related software;
 - (4)** Computer networks;
 - (5)** Microprocessors (computer chips) not part of any computer system; or
 - (6)** Any other computerized or electronic equipment or components; or
 - b.** Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
 - 2.** Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.
- B.** If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:
- 1.** In a Covered Cause of Loss under the Boiler And Machinery Coverage Part, the Commercial Crime Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
 - 2.** Under the Commercial Property Coverage Part:
 - a.** In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss — Special Form; or
 - b.** In a Covered Cause of Loss under the Causes Of Loss — Basic Form or the Causes Of Loss — Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.
- C.** We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.



Dear Commercial Lines Policyholder:

As you may know, your business is protected through one of the CGU companies. CGU was formed recently by the worldwide merger of Commercial Union plc and General Accident plc. As we continue to convert our products into the CGU group, you may see some of the following changes in your renewal policy:

- Policies may be issued through any one of the CGU companies
- Future correspondence will reflect the CGU identity.
- You may experience some variation in your billing cycle or method of payment.
- Coverage provided should always be equal to, and in some cases, better than your existing protection.

Our goal is to make these transitions as smooth as possible and to keep you informed on any possible changes. If you have any questions regarding CGU or your policy, please contact your agent, and watch for further information.

INTRODUCING A NEW 300-YEAR-OLD COMPANY.

We are proud to announce the worldwide merger of Commercial Union and General Accident.

In June 1998, another chapter in insurance history was written. CGU is one of the largest insurance groups in the world. Our origins actually date back to November 12, 1696, to the oldest continuously operating insurance company in the world. Among our clients have been Winston Churchill, the Titanic and victims of the 1906 San Francisco Earthquake.

Today, CGU is the 16th largest insurance group in the United States. CGU operates in all 50 states and distributes a wide range of products through more than 7,100 independent agents and brokers. CGU has one goal — to be the premier agency and broker property-casualty company in the U.S. Along with our other 2.7 million policyholders, you are in good company.

CGU. The new 300-year-old company.

CGU Companies

General Accident Ins. Co. of America • The Camden Fire Ins. Assn. • GA Ins. Co. of NY • Pennsylvania General Ins. Co. • Tri-State Ins. Co. • PG Ins. Co. of NY • Potomac Ins. Co. of IL • General Accident Reins. Co. of America • Farmers and Merchants Ins. Co. • General Assurance Co. • Potomac Ins. Co. • Midwestern Ins. Co. • Oregon Automobile Ins. Co. • North Pacific Ins. Co. • Hawkeye-Security Ins. Co. • United Security Ins. Co. • Western States Ins. Co. • Commercial Union Ins. Co. • American Employers' Ins. Co. • The Employers' Fire Ins. Co. • The Northern Assurance Co. of America • American Central Ins. Co. • CU Homeland Ins. Co. • Commercial Union Midwest Ins. Co. • Commercial Union Life Ins. Co. of America • CU Life Ins. Co. of NY • CU Lloyd's of TX • Commercial Union York Ins. Co. • National Farmers Union Property and Casualty Co. • National Farmers Union Standard Ins. Co.

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IMPORTANT NOTICE FOR WISCONSIN POLICYHOLDERS

To comply with Wisconsin Insurance Department requirements, we must notify our policyholders that once your policy provides coverage, there will be an approximate premium penalty of 10% on the pro rata return premium if you cancel your policy prior to the expiration date.

If you have any further questions, please contact your Agent.



IL 00 21 04 98

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT (Broad Form)

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS POLICY
 COMMERCIAL AUTO COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
 PROFESSIONAL LIABILITY COVERAGE PART
 RAILROAD PROTECTIVE LIABILITY COVERAGE PART
 SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY NEW YORK DEPARTMENT OF TRANSPORTATION
 UNDERGROUND STORAGE TANK POLICY**

1. The insurance does not apply:

A. Under any Liability Coverage, to "bodily injury" or "property damage":

- (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:

- (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
- (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or

- (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "Special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a) Any "nuclear reactor";
- (b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel", or (3) handling, processing or packaging "waste";
- (c) Any equipment or device used for the processing, fabricating or alloying of "special



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nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

- (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.



IL 02 83 04 98

WISCONSIN CHANGES — CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:

2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 10 days before the effective date of cancellation.

If this policy has been in effect for less than 60 days and is not a renewal policy, we may cancel for any reason.

If this policy has been in effect for 60 days or more or is a renewal of a policy we issued, except as provided in Paragraph 7. below, we may cancel this policy only for one or more of the following reasons:

- The policy was obtained by material misrepresentation;
- There has been a substantial change in the risk we originally assumed, except to the extent that we should have foreseen the change or considered the risk in writing the policy;
- There have been substantial breaches of contractual duties, conditions or warranties; or
- Nonpayment of premium.

If this policy has been in effect for 60 days or more or is a renewal of a policy we issued, the notice of cancellation will state the reason for cancellation.

B. The following is added to the **Cancellation** Common Policy Condition:

7. Anniversary Cancellation

If this policy is written for a term of more than one year or has no fixed expiration date, we may cancel this policy for any reason by mailing or delivering to the first Named Insured written notice of cancellation at least 60 days before the anniversary date of the policy. Such cancellation will be effective on the policy's anniversary date.

We may cancel this policy because of the termination of an insurance marketing intermediary's contract with us only if the notice of cancellation contains an offer to continue the policy with us if we receive a written request from the first Named Insured prior to the date of cancellation.

C. The following applies to the:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART

1. We may rescind this policy because of the following:

- Misrepresentation made by you or on your behalf in the negotiation for or procurement of this Coverage Part, if the person knew or should have known that the representation was false;
- Breach of affirmative warranty made by you or on your behalf in the negotiation for or procurement of this Coverage Part;
- Failure of a condition before a loss if such failure exists at the time of loss; or
- Breach of a promissory warranty if such breach exists at the time of loss.

2. We may not rescind this policy:

- For the reasons in Paragraphs **C.1.a.** and **C.1.b.** unless:
 - We rely on the misrepresentation or affirmative warranty and the misrepresentation or affirmative warranty is either material or made with intent to deceive; or
 - The facts misrepresented or falsely warranted contribute to the loss.
- For the reasons in Paragraphs **C.1.c.** and **C.1.d.** unless such failure or breach:
 - Increases the risk at the time of loss; or
 - Contributes to the loss.

3. If we elect to rescind this policy, we will notify the first Named Insured of our intention within 60 days after acquiring knowledge of sufficient facts to constitute grounds for rescission.

D. The following are added and supersede any other provisions to the contrary:

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1. Nonrenewal

- a. If we elect not to renew this policy we will mail or deliver written notice of nonrenewal to the first Named Insured's last mailing address known to us. We may elect not to renew for any reason; the notice will state the reason for nonrenewal. We will mail or deliver the notice at least 60 days before the expiration date of this policy.

We need not mail or deliver the notice if:

- (1) You have insured elsewhere;
- (2) You have accepted replacement coverage;
- (3) You have requested or agreed to nonrenewal of this policy; or
- (4) This policy is expressly designated as non-renewable.

- b. We may refuse to renew this policy because of the termination of an insurance marketing intermediary's contract with us only if the notice of nonrenewal contains an offer to renew the policy with us if we receive a written request from the first Named Insured prior to the renewal date.

- c. If you fail to pay the renewal or continuation premium by the premium due date, this policy will terminate on the policy expiration or anniversary date, if we have:

- (1) Given you written notice of the renewal or continuation premium not more than 75 days nor less than 10 days prior to the due date of the premium; and
- (2) Stated clearly in the notice the effect of nonpayment of premium by the due date.

2. Anniversary Alteration

If this policy is written for a term of more than one year or has no fixed expiration date, we may alter the terms or premiums of this policy by mailing or delivering written notice of less favorable terms or premiums to the first Named Insured's last mailing address known to us. We will mail, by first class mail, or deliver this notice at least 60 days prior to the anniversary date.

If we notify the first Named Insured within 60 days prior to the anniversary date, the new terms or premiums will not take effect until 60 days after the notice was mailed or delivered. The notice will include a statement of the first Named Insured's right to

cancel. The first Named Insured may elect to cancel the policy at any time during the 60-day period, in accordance with Paragraph 1. of the Cancellation Common Policy Condition. If the first Named Insured elects to cancel the policy during the 60-day period, return premiums or additional premium charges will be calculated proportionately on the basis of the old premiums.

3. Renewal With Altered Terms

If we elect to renew this policy but on less favorable terms or at higher premiums, we will mail or deliver written notice of the new terms or premiums to the first Named Insured's last mailing address known to us. We will mail, by first class mail, or deliver this notice at least 60 days prior to the renewal date.

If we notify the first Named Insured within 60 days prior to the renewal date, the new terms or premiums will not take effect until 60 days after the notice was mailed or delivered. The notice will include a statement of the first Named Insured's right to cancel. The first Named Insured may elect to cancel the renewal policy at any time during the 60-day period, in accordance with Paragraph 1. of the Cancellation Common Policy Condition. If the first Named Insured elects to cancel the renewal policy during the 60-day period, return premiums or additional premium charges will be calculated proportionately on the basis of the old premiums.

We need not mail or deliver this notice if the only change adverse to you is a premium increase that:

- a. Is less than 25% and is generally applicable to the class of business to which this policy belongs; or
- b. Results from a change based on your action that alters the nature or extent of the risk insured against, including but not limited to a change in the classification or the units of exposure, or increased policy coverage.

E. Special Provision — Cancellation And Nonrenewal

With respect to insurance provided under the Commercial Automobile Coverage Part, we will not cancel or refuse to renew Liability Coverage wholly or partially because of age, sex, residence, race, color, creed, religion, national origin, ancestry, marital status or occupation of anyone who is an insured.



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EXECUTION OF OFFICERS' SIGNATURES

In Witness Whereof, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by our authorized representative.

Dennis R. Smith

Dennis Smith, Secretary

Mike Hill

J. P. Conover

Robert Gowdy, President



OneBeacon
INSURANCE

AMERICAN EMPLOYERS INSURANCE COMPANY
A Stock Company, Boston, Massachusetts 02108-3100

**COMMERCIAL ACCOUNT POLICY
COMMERCIAL PROPERTY
COVERAGE PART DECLARATIONS**

POLICY NUMBER	ISSUE DATE
AWR809722	02/28/2001

NAMED INSURED

JOHN E. REID & ASSOC INC.

PROPERTY FORM COVERAGES				
COVERAGE (S)	PREMISES NO.	BUILDING NO.	PREMISES NO.	BUILDING NO.
	00001	001	00002	001
PERS PROP-INSR	SPECIAL		SPECIAL	
LIMIT OF INSURANCE:	\$222,000		\$10,000	
DEDUCTIBLE:	\$500		\$500	
COINSURANCE:	90%		90%	
OPTIONAL COVERAGES:				
REPLACEMENT COST:	APPLIES		APPLIES	
PROPERTY SELECT PLUS:	APPLIES		DOES NOT APPLY	
COVERED CAUSE OF LOSS:				
BASIC GROUP I	APPLIES		APPLIES	
BASIC GROUP II	APPLIES		APPLIES	
SPECIAL	APPLIES		APPLIES	
SPECIAL THEFT OFC INCREM	APPLIES		APPLIES	
BI&EE OTHER	SPECIAL		DOES NOT APPLY	
LIMIT OF INSURANCE:	\$150,000			
DEDUCTIBLE:				
COINSURANCE:	50%			
OPTIONAL COVERAGES:	NONE			
COVERED CAUSE OF LOSS:				
BASIC GROUP I	APPLIES			
BASIC GROUP II	APPLIES			
SPECIAL	APPLIES			



OneBeacon
INSURANCE

AMERICAN EMPLOYERS' INSURANCE COMPANY

A Stock Company, Boston, Massachusetts 02108-3100

POLICY NUMBER	ISSUE DATE
AWR809722	02/28/2001

**COMMERCIAL ACCOUNT POLICY
COMMERCIAL PROPERTY
COVERAGE PART DECLARATIONS**

NAMED INSURED

JOHN E. REID & ASSOC INC.

PROPERTY FORM COVERAGES				
COVERAGE (S)	PREMISES NO.	BUILDING NO.	PREMISES NO.	BUILDING NO.
	00003	001		
PERS PROP-INSR LIMIT OF INSURANCE: DEDUCTIBLE: COINSURANCE: OPTIONAL COVERAGES: COVERED CAUSE OF LOSS: BASIC GROUP I BASIC GROUP II SPECIAL SPECIAL THEFT OFC INCREM	SPECIAL \$1,000 \$500 90% NONE APPLIES APPLIES APPLIES APPLIES			



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COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the in-

surance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits Of Insurance of all insurance covering on the same basis.

2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance;
 - b. A business firm:
 - (1) Owned or controlled by you; or
 - (2) That owns or controls you; or
 - c. Your tenant.

This will not restrict your insurance.



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BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION H—DEFINITIONS.

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.**, Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;
 - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property—Separation of Coverage form:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;

(3) "Stock";

(4) All other personal property owned by you and used in your business;

(5) Labor, materials or services furnished or arranged by you on personal property of others;

(6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:

(a) Made a part of the building or structure you occupy but do not own; and

(b) You acquired or made at your expense but cannot legally remove;

(7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property of Others.

c. Personal Property of Others that is:

(1) In your care, custody or control; and

(2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

- a.** Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b.** Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c.** Automobiles held for sale;
- d.** Bridges, roadways, walks, patios or other paved surfaces;
- e.** Contraband, or property in the course of illegal transportation or trade;
- f.** The cost of excavations, grading, backfilling or filling;
- g.** Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or

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- (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;
- n. The cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media, except as provided in the Coverage Extensions;
- o. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (1) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (2) Vehicles or self-propelled machines, other than autos, you hold for sale; or
- (3) Rowboats or canoes out of water at the described premises;
- p. The following property while outside of buildings:
 - (1) Grain, hay, straw or other crops;
 - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

3. Covered Causes of Loss

See applicable Causes of Loss Form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

- (1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

- (2) The most we will pay under this Additional Coverage is 25% of:

- (a) The amount we pay for the direct physical loss of or damage to Covered Property; plus
- (b) The deductible in this policy applicable to that loss or damage.

But this limitation does not apply to any additional debris removal limit provided in the Limits of Insurance section.

- (3) This Additional Coverage does not apply to cost to:

- (a) Extract "pollutants" from land or water; or
- (b) Remove, restore or replace polluted land or water.

b. Preservation of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1000 for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean Up and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants." But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.



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The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more or, a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired or Constructed Property

(1) You may extend the insurance that applies to Building to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

(2) You may extend the insurance that applies to Your Business Personal Property to apply to that property at any location you acquire other than at fairs or exhibitions.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

(3) Insurance under this Extension for each newly acquired or constructed property will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire or begin to construct the property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date construction begins or you acquire the property.

b. Personal Effects and Property of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

(1) Personal effects owned by you, your officers, your partners or your employees. This extension

does not apply to loss or damage by theft.

(2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers and Records — Cost of Research

You may extend the insurance that applies to Your Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which duplicates do not exist. The most we will pay under this Extension is \$2500 at each described premises, unless a higher limit is shown in the Declarations.

d. Property Off-Premises

You may extend the insurance provided by this Coverage Form to apply to your Covered Property, other than "stock," that is temporarily at a location you do not own, lease or operate. This Extension does not apply to Covered Property:

- (1) In or on a vehicle;
- (2) In the care, custody or control of your salespersons; or
- (3) At any fair or exhibition.

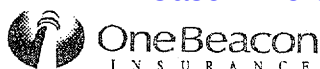
The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), signs (other than signs attached to buildings), trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the

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types or number of items lost or damaged in that occurrence.

Each of these Extensions is additional insurance. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. EXCLUSIONS AND LIMITATIONS

See applicable Causes of Loss Form as shown in the Declarations.

C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs attached to buildings is \$1000 per sign in any one occurrence.

The limits applicable to the Coverage Extensions and the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Preservation of Property; or
2. Debris Removal; but if:
 - a. The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
 - b. The debris removal expense exceeds the amount payable under the 25% limitation in the Debris Removal Additional Coverage;

we will pay up to an additional \$10,000 for each location in any one occurrence under the Debris Removal Additional Coverage.

D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance, after any deduction required by the Coinsurance condition or the Agreed Value Optional Coverage.

When the occurrence involves loss to more than one item of Covered Property and more than one Limit of Insurance applies, the Deductible will reduce the total amount of loss payable if loss to at least one item is less than the sum of (1) the Limit of Insurance applicable to that item plus (2) the Deductible.

Example No. 1:

(This example assumes there is no coinsurance penalty.)

Deductible: \$250

Limit of Insurance - Bldg. 1: \$60,000
Limit of Insurance - Bldg. 2: \$80,000

Loss to Bldg. 1: \$60,100
Loss to Bldg. 2: \$90,000

The amount of loss to Bldg. 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Bldg. 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Bldg. 1:

\$60,100
- 250
\$59,850 Loss Payable - Bldg. 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Bldg. 2. Loss payable for Bldg. 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable: \$59,850 + 80,000 = \$139,850

Example No. 2:

(This example, too, assumes there is no coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example No. 1.

Loss to Bldg. 1: \$70,000
(exceeds Limit of Insurance plus Deductible)
Loss to Bldg. 2: \$90,000
(exceeds Limit of Insurance plus Deductible)

Loss Payable - Bldg. 1: \$60,000 (Limit of Insurance)
Loss Payable - Bldg. 2: \$80,000 (Limit of Insurance)
Total amount of loss payable: \$140,000

E. LOSS CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.



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If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, cost, values and amount of loss claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.
Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (8) Cooperate with us in the investigation or settlement of the claim.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

- (1) Pay the value of lost or damaged property;
- (2) Pay the cost of repairing or replacing the lost or damaged property, subject to b. below;
- (3) Take all or any part of the property at an agreed or appraised value; or
- (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to b. below.

- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

a. Description of Terms

- (1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:
 - (a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not

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contain enough business personal property to conduct customary operations.

- (b) When this policy is issued to the owner of a building, building means the entire building. Such building is vacant when 70% or more of its square footage:

- (i) Is not rented; or
- (ii) Is not used to conduct customary operations.

- (2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

- (1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

- (a) Vandalism;
- (b) Sprinkler leakage, unless you have protected the system against freezing;
- (c) Building glass breakage;
- (d) Water damage;
- (e) Theft; or
- (f) Attempted theft.

- (2) With respect to Covered Causes of Loss other than those listed in b.(1)(a) through b.(1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

We will determine the value of Covered Property in event of loss or damage as follows:

- a. At actual cash value as of the time of loss or damage, except as provided in b., c., d., e. and f. below.
- b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property. However, the following property will be valued at the actual cash value when attached to the building:

- (1) Awnings or floor coverings;

- (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or

- (3) Outdoor equipment or furniture.

- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

- d. Glass at the cost of replacement with safety glazing material if required by law.

- e. Tenant's Improvements and Betterments at:

- (1) Actual cash value of the lost or damaged property if you make repairs promptly.

- (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

- (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and

- (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (3) Nothing if others pay for repairs or replacement.

- f. Valuable Papers and Records, including those which exist on electronic or magnetic media (other than prepackaged software programs), at the cost of:

- (1) Blank materials for reproducing the records; and

- (2) Labor to transcribe or copy the records when there is a duplicate.

F. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;

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- (2) Divide the Limit of Insurance of the property by the figure determined in step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in step (2); and
- (4) Subtract the deductible from the figure determined in step (3).

We will pay the amount determined in step (4) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example No. 1 (Underinsurance):

When: The value of the property is \$250,000
 The Coinsurance percentage for it is 80%
 The Limit of Insurance for it is \$100,000
 The Deductible is \$250
 The amount of loss is \$ 40,000

Step (1): $\$250,000 \times 80\% = \$200,000$

(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

Example No. 2 (Adequate Insurance):

When: The value of the property is: \$250,000
 The Coinsurance percentage for it is 80%
 The Limit of Insurance for it is \$200,000
 The Deductible is \$250
 The amount of loss is \$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$250,000 \times 80\%$). Therefore, the Limit of Insurance in this Example is adequate and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

Example No. 3:

When: The value of property is:

Bldg. at Location No.1	\$ 75,000
Bldg. at location No. 2	\$100,000
Personal Property at Location No. 2	<u>\$ 75,000</u>
	\$250,000
The Coinsurance percentage for it is	90%
The Limit of Insurance for Buildings and Personal Property at Location Nos. 1 and 2 is	\$180,000
The Deductible is	\$ 1,000
The amount of loss is:	
Bldg. at Location No. 2	\$ 30,000
Personal Property at Location No. 2	<u>\$ 20,000</u>
	\$ 50,000

Step (1): $\$250,000 \times 90\% = \$225,000$

(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 \div \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

2. Mortgageholders

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

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- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

(1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

(2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:

(1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason.

- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. OPTIONAL COVERAGES

If shown in the Declarations, the following Optional Coverages apply separately to each item.

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
- (1) On or after the effective date of this Optional Coverage; and
- (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
- (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
- (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
- (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example:

If: The applicable Limit of Insurance is \$100,000
The annual percentage increase is 8%
The number of days since the beginning of the policy year (or last policy change) is 146
The amount of increase is
 $\$100,000 \times .08 \times 146 \div 365 = \$3,200$

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Loss Condition, Valuation, of this Coverage Form.
- b. This Optional Coverage does not apply to:
- (1) Personal property of others;
- (2) Contents of a residence;
- (3) Manuscripts;
- (4) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
- (5) "Stock," unless the including "Stock" option is shown in the Declarations.
- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:



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- (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:
- (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace, on the same premises, the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or

- (3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.
- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

H. DEFINITIONS

- 1. "Pollutant" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- 2. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.



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CF497
(6-95)**CAUSES OF LOSS—SPECIAL FORM**

Words and phrases that appear in quotation marks have special meaning. Refer to Section F—DEFINITIONS.

A. COVERED CAUSES OF LOSS

When Special is shown in the Declarations, Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

1. Excluded in Section B., Exclusions; or
 2. Limited in Section C., Limitations;
- that follow.

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance or Law, applies whether the loss results from:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Any earth movement (other than sinkhole collapse), such as an earthquake, landslide, mine subsidence or earth sinking, rising or shifting. But if earth movement results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.
- (2) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or volcanic action, we will pay for the loss or damage caused by that fire, building glass breakage or volcanic action.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion does not apply to the Business Income coverage or to Extra Expense coverage. Instead, the Special Exclusion in paragraph B.4.a.(1) applies to these coverages.

f. War and Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;

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- (3) Water that backs up or overflows from a sewer, drain or sump; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.

But if Water, as described in g.(1) through g.(4) above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

2. We will not pay for loss or damage caused by or resulting from any of the following:

- a. Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market.
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d. (1) Wear and tear;
- (2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision;
- (7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching.

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you

or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

- f. Continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or
 - (2) You drain the equipment and shut off the supply if the heat is not maintained.
- h. Dishonest or criminal act by you, any of your partners, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
 - (1) Acting alone or in collusion with others; or
 - (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.

- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j. Rain, snow, ice or sleet to personal property in the open.
- k. Collapse, except as provided below in the Additional Coverage for Collapse. But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.
- l. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss." But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss," we will pay for the loss or damage caused by that "specified cause of loss."

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3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss or damage.

b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Faulty, inadequate or defective:

(1) Planning, zoning, development, surveying, siting;

(2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

(3) Materials used in repair, construction, renovation or remodeling; or

(4) Maintenance;

of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form or Extra Expense Coverage Form

We will not pay for:

(1) Any loss caused directly or indirectly by the failure of power or other utility service supplied to the described premises, however caused, if the failure occurs outside of a covered building.

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss resulting from that Covered Cause of Loss.

(2) Any loss caused by or resulting from:

(a) Damage or destruction of "finished stock"; or

(b) The time required to reproduce "finished stock."

This exclusion does not apply to Extra Expense.

(3) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.

(4) Any increase of loss caused by or resulting from:

(a) Delay in rebuilding, repairing or replacing the property or resuming "operations," due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations," we will cover such loss that affects your Business Income during the "period of restoration."

(5) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration."

(6) Any other consequential loss.

b. Leasehold Interest Coverage Form

(1) Paragraph B.1.a., Ordinance or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

(a) Your cancelling the lease;

(b) The suspension, lapse or cancellation of any license; or

(c) Any other consequential loss.

c. Legal Liability Coverage Form

(1) The following Exclusions do not apply to insurance under this Coverage Form:

(a) Paragraph B.1.a., Ordinance or Law;

(b) Paragraph B.1.c., Governmental Action;

(c) Paragraph B.1.d., Nuclear Hazard;

(d) Paragraph B.1.e., Utility Services; and

(e) Paragraph B.1.f., War and Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit," or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

(i) Your assumption of liability was executed prior to the accident; and



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- (ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit," or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

C. LIMITATIONS

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

- a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
- c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

- (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
 - (2) Business Income coverage or Extra Expense coverage.
- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

- f. Gutters and downspouts caused by or resulting from weight of snow, ice or sleet.
- g. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

2. We will not pay more than \$500 in any one occurrence for loss of or damage to glass that is part of a building or structure, regardless of the number of panes, plates or similar units of glass. Subject to this \$500 aggregate, we will not pay more than \$100 for any one pane, plate, multiple plate insulating unit, radiant or solar heating panel, jalousie, louver or shutter.

However, this limitation does not apply to:

- a. Loss or damage by the "specified causes of loss," except vandalism; or
 - b. Business Income coverage or Extra Expense coverage.
3. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
- a. Valuable papers and records, such as books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell or other data processing, recording or storage media, and other records.
 - b. Animals, and then only if they are killed or their destruction is made necessary.
 - c. Fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass that is part of a building or structure;
 - (2) Containers of property held for sale; or
 - (3) Photographic or scientific instrument lenses.
 - d. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

- (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
 - (2) To Business Income coverage or to Extra Expense coverage.
4. The special limit shown for each category, a. through d., is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:
- a. \$2500 for furs, fur garments and garments trimmed with fur.

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- b. \$2500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
- c. \$2500 for patterns, dies, molds and forms.
- d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, C.4., does not apply to Business Income coverage or to Extra Expense coverage.

- 5. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:
 - a. Results in discharge of any substance from an automatic fire protection system; or
 - b. Is directly caused by freezing.

However, this limitation does not apply to Business Income coverage or to Extra Expense coverage.

D. ADDITIONAL COVERAGE—COLLAPSE

The term Covered Cause of Loss includes the Additional Coverage—Collapse as described and limited in D.1. through D.5. below.

- 1. We will pay for direct physical loss or damage to Covered Property, caused by collapse of a building or any part of a building insured under this Coverage Form, if the collapse is caused by one or more of the following:
 - a. The "specified causes of loss" or breakage of building glass, all only as insured against in this Coverage Part;
 - b. Hidden decay;
 - c. Hidden insect or vermin damage;
 - d. Weight of people or personal property;
 - e. Weight of rain that collects on a roof;
 - f. Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in D.1.a. through D.1.e., we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling or renovation, contributes to the collapse.
- 2. If the direct physical loss or damage does not involve collapse of a building or any part of a building, we will

pay for loss or damage to Covered Property caused by the collapse of personal property only if:

- a. The personal property which collapses is inside a building; and
- b. The collapse was caused by a cause of loss listed in D.1.a. through D.1.f. above.

- 3. With respect to the following property:

- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
- b. Awnings, gutters and downspouts;
- c. Yard fixtures;
- d. Outdoor swimming pools;
- e. Fences;
- f. Piers, wharves and docks;
- g. Beach or diving platforms or appurtenances;
- h. Retaining walls; and
- i. Walks, roadways and other paved surfaces;

if the collapse is caused by a cause of loss listed in D.1.b. through D.1.f., we will pay for loss or damage to that property only if:

- a. Such loss or damage is a direct result of the collapse of a building insured under this Coverage Form; and
- b. The property is Covered Property under this Coverage Form.

- 4. Collapse does not include settling, cracking, shrinkage, bulging or expansion.
- 5. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.

E. ADDITIONAL COVERAGE EXTENSIONS

- 1. **Property In Transit.** This Extension applies only to your personal property to which this form applies.
 - a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
 - b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed.

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- (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.

- c. The most we will pay for loss or damage under this Extension is \$1000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

2. **Water Damage, Other Liquids, Powder Or Molten Material Damage.** If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

F. DEFINITIONS

"Specified Causes of Loss" means the following:

Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole col-

lapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

1. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - a. The cost of filling sinkholes; or
 - b. Sinking or collapse of land into man-made underground cavities.
2. Falling objects does not include loss or damage to:
 - a. Personal property in the open; or
 - b. The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
3. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

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PROPERTY SELECT PLUS ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

**BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSES OF LOSS — SPECIAL FORM
COMMERCIAL PROPERTY CONDITIONS**

SCHEDULE

Coverage Extensions	Limits of Insurance Each Location
A. Newly Acquired or Constructed Property	
Buildings	500,000
Business Personal Property	250,000
B. Personal Effects and Property of Others	15,000
C. Valuable Papers and Records	20,000
D. Accounts Receivable	25,000
E. Property Off-Premises	25,000
F. Outdoor Property	15,000
G. Money and Securities	
Inside	10,000
Outside	2,000
H. Arson Reward	10,000
I. Back-Up of Sewers and Drains	15,000
J. Recharging, Refilling or Replacement Fire Extinguishing Equipment	3,000
K. Fine Arts	15,000
L. Inventory or Appraisal Cost	5,000
M. EDP Hardware, Data and Media	20,000
N. EDP Media — Extra Expense and Business Income	15,000
O. Building Glass	5,000
P. Property In Transit	10,000
Additional Coverages	Limits of Insurance Each Location
• Fire Department or other Extinguishment Service Charges	2,000
• Soft Costs — Building	25,000

Coverage Extensions

A. Paragraph 5. Coverage Extensions of the Building and Personal Property Coverage Form is deleted in its entirety and replaced by the following:

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired or Constructed Property

- (1) You may extend the insurance that applies to Building to apply to:

(a) Your new buildings while being built on the described premises; and

(b) Buildings you acquire at locations, other than the described premises, intended for:

- 1) Similar use as the building described in the Declarations; or
- 2) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$500,000 at each building.

(2) You may extend the insurance that applies to Your Business Personal Property to apply to that property at any location you acquire other than at fairs or exhibitions.

The most we will pay for loss or damage



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under this Extension is \$250,000 at each building.

- (3) Insurance under this Extension for each newly acquired or constructed property will end when any of the following first occurs:

- (a) This policy expires;
- (b) 90 days expire after you acquire or begin to construct the property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date construction begins or you acquire the property.

b. Personal Effects and Property of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is **\$15,000** at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers and Records

You may extend the insurance that applies to Your Business Personal Property to apply for "loss" to "valuable papers and records" that are your property or property of others in your care, custody or control.

- (1) We will pay up to \$20,000 for "loss" in any one occurrence to "valuable papers and records" caused by or resulting from the Covered Causes of Loss shown below.

(2) Property Not Covered

Covered "valuable papers and records" does not include:

- (a) Property held as samples or for delivery after sale; or
- (b) Property in storage away from the "premises" shown in the Declarations.

(3) Covered Causes of Loss

Covered Causes of Loss means **Risks of Direct Physical "Loss"** to covered "valuable papers and records" except those causes of "loss" listed in the Exclusions.

(4) Coverage Extension — Removal

If you give us written notice within 10 days of removal of your covered "valuable papers and records" because of imminent danger of "loss", we will pay for "loss" while they are:

- (a) At a safe place away from your "premises";

or

- (b) Being taken to and returned from that place. This Removal Extension is included within the Limit of Insurance applicable to the "Valuable Papers and Records" coverage at the "premises" from which the "valuable papers and records" are removed.

(5) Away From Your Premises

We will pay up to \$5,000 for "loss" to "valuable papers and records" while they are away from your "premises" or while in transit.

The \$5,000 Away From Your Premises is in addition to the "Valuable Papers and Records" Limit of Insurance.

(6) Additional Conditions

Subparagraph E. 7. f. of the Building and Personal Property Coverage Form does not apply to "valuable papers and records" that are actually replaced or restored.

(7) Protection of Valuable Papers and Records

Whenever you are not open for business, and except while you are actually using the records, you must keep all covered "valuable papers and records" in fully enclosed metal receptacles at the premises shown in the Declarations.

This requirement does not apply to the records while they are temporarily away from the premises described in the Declarations.

d. Accounts Receivable

You may extend the insurance that applies to Your Business Personal Property to cover the records of accounts receivable.

(1) We will pay:

- (a) All amounts due from your customers that you are unable to collect;
- (b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- (c) Collection expenses in excess of your normal collection expenses that are made necessary by "loss"; and
- (d) Other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from Covered Causes of Loss to your records of accounts receivable located at the "premises" shown in the Declarations.

(2) Property Not Covered

Coverage does not apply to records of account receivable in storage away from the "premises" shown in the Declarations.

(3) Covered Causes of Loss

Covered Causes of Loss means **Risks of Direct**

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Physical "Loss" to your records of accounts receivable except those causes of "loss" listed in the exclusions.

(4) Coverage Extension — Removal

If you give us written notice within 10 days of removal of your records of accounts receivable because of imminent danger of "loss", we will pay for "loss" while they are:

(a) At a safe place away from your "premises"; or

(b) Being taken to and returned from that place. This Removal Extension is included within the Limit of Insurance applicable to Accounts Receivable Coverage at the "premises" from which the records of accounts receivable are removed.

(5) Additional Conditions

The following is added to paragraph E. 7. Valuation of the Building and Personal Property Coverage Form.

g. (1) If you cannot accurately establish the amounts of accounts receivable outstanding as of the time of "loss", the following method will be used:

(a) Determine the total of the average monthly amount of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and

(b) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.

(2) The following will be deducted from the total amount of accounts receivable, however that amount is established:

(a) The amount of the accounts for which there is no "loss";

(b) The amount of the accounts that you are able to re-establish or collect;

(c) An amount to allow for probable bad debts that you are normally unable to collect; and

(d) All unearned interest and service charges.

(6) Protection of Records

Whenever you are not open for business, and except while you are actually using the records, you must keep all records of accounts receivable in fully enclosed metal receptacles at the "premises" shown in the Declarations.

The most we will pay for loss in any one occurrence under this Extension is \$25,000.

(7) Exclusions applicable to Valuable Papers and Records and Accounts Receivable.

(a) None of the exclusions in Section B. Exclusions of the Causes of Loss Form apply to

Accounts Receivable or Valuable Papers and Records Coverages provided under this endorsement except:

1) B. 1. c. Governmental Action;

2) B. 1. d. Nuclear Hazard; and

3) B. 1. f. War and Military Action.

(b) We will not pay for "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "loss".

1) Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph (1) above to produce the "loss".

2) Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

3) Faulty, inadequate or defective:

(i) Planning, zoning, developing, surveying, siting;

(ii) Design, specifications, workmanship, repair, construction, renovation or remodeling, grading, compaction;

(iii) Materials, used in repair, construction, renovation or remodeling; or

(iv) Maintenance;

of part or all of any property wherever located.

(c) We will not pay for "loss" caused by or resulting from any of the following:

1) Dishonest acts by:

(i) You, your employees or authorized representatives;

(ii) Anyone else with an interest in property, or their employees or authorized representatives;

(iii) Anyone else to whom the property is entrusted.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

But this exclusion does not apply to "valuable papers and records" and or records of accounts receivable that are entrusted to others who are carriers for hire.

(iv) Delay, loss of use, loss of market or any other consequential loss.

(v) Voluntary parting of "valuable papers and records" or records of accounts receivable by you or



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anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

- (vi) Unauthorized instructions to transfer property to any person or to any place.

(8) Exclusions Applicable to Accounts Receivable Coverage Only

- (a) We will not pay for "loss" caused by or resulting from any of the following:

- 1) Alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding.

- 2) Bookkeeping, accounting or billing errors or omissions.

- (b) We will not pay for "loss" that requires any audit of records or any inventory computation to prove its factual existence.

- (c) We will not pay for "loss" caused by or resulting from electrical or magnetic injury, disturbance or erasure of electronic recordings that is caused by or results from:

- 1) Programming errors or faulty machine instructions;
- 2) Faulty installation or maintenance of data processing equipment or component parts;
- 3) An occurrence that took place more than 100 feet from your "premises"; or
- 4) Interruption of electrical power supply, power surge, blackout or brownout if the cause of such occurrence took place more than 100 feet from your "premises".

But we will pay for direct "loss" caused by lightning.

(9) Exclusion Applicable to Valuable Papers and Records Coverage Only

- (a) We will not pay for "loss" caused by or resulting from errors or omissions in processing or copying.

But we will pay for direct "loss" caused by resulting fire or explosion if these causes of "loss" would be covered by this coverage.

- (b) We will not pay for "loss" caused by or resulting from electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct "loss" caused by lightning.

e. Property Off — Premises

You may extend the insurance provided by this Coverage Form to apply to your Covered Property, that is temporarily at a location you do not own, lease or operate. This Extension does not apply to Covered Property in or on a vehicle.

The most we will pay for loss or damage under this Extension is \$15,000.

f. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), signs (other than signs attached to buildings), trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$15,000 but not more than \$500 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or numbers of items lost or damaged in that occurrence.

g. Money and Securities

- (1) We will pay for loss of "money" and "securities" used in your business caused by theft (meaning any act of stealing), disappearance or destruction. The most we will pay for loss in any one "occurrence" under this Extension is:

- (a) \$10,000 for "money" and "securities" while inside the "premises" or a "banking premises".
- (b) \$2,000 for "money" and "securities" while in the care and custody of a "messenger"

(2) Additional Exclusions Applicable to Money and Securities

We will not pay for loss as specified below;

- (a) Loss resulting from accounting or arithmetical errors or omissions;
- (b) Loss resulting from the giving or surrendering of property in any exchange or purchase.
- (c) Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.
- (d) Loss resulting from any dishonest or criminal



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act committed by any of your "employees", directors, trustees or authorized representatives:

- 1) Acting alone or in collusion with other persons; or
 - 2) While performing services for you or otherwise.
- (e) Loss of property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises".
- 1) On the basis of unauthorized instructions; or
 - 2) As a result of a threat to do:
 - (i) Bodily harm to any person; or
 - (ii) Damage to any property.
 - 3) But, this exclusion does not apply to loss of "money" and "securities" while outside the "premises" or "banking premises" in the care and custody of a "messenger" if you:
 - (i) Had no knowledge of any threat at the time the conveyance began; or
 - (ii) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

- (f) Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

(3) Additional Conditions

- (a) The reference to "money" and "securities" in subparagraph A. **Property Not Covered 2.a.** does not apply to the coverage provided by this Extension.
- (b) You must keep records of all "money" and securities so we can verify the amount of loss or damage.

h. Arson Reward

We will reimburse you for an arson reward that you give to someone who discloses information that leads to the conviction of a person or persons for arson at the premises described in the Declarations.

The most we will pay under this Extension is \$10,000 each occurrence.

i. Back-Up of Sewers and Drains

We will pay for loss or damage to covered Property caused by or resulting from water that backs up from a sewer or drain.

Exclusion B. 1. g. (3) of the Causes of Loss-Special Form does not apply to this Extension.

The most we will pay under this Extension is \$15,000 each occurrence.

j. Recharging Refilling or Replacement Fire Ex-

tinguishing Equipment

We will pay for expenses you incur for the recharging, refilling or replacement fire extinguishing equipment when such equipment is lost, discharged, damaged or destroyed as the result of any of the Covered Causes of Loss.

The most we will pay for loss or damage under this coverage Extension is \$3,000 each occurrence.

k. Fine Arts

We will pay up to \$15,000 each occurrence for loss or damage caused by a covered cause of loss to your "fine arts" at the premises described in the Declarations. We will also pay up to \$5,000 each occurrence for loss or damage caused by a covered cause of loss to your "fine arts" while in transit.

If there is not a schedule of your "fine arts" on file with us, we will pay the appraised market value at the time and place of loss.

l. Inventory or Appraisal Cost

We will pay up to \$2,500 each occurrence for the cost of any inventory or appraisal required as a result of direct physical loss or damage to covered property caused by or resulting from a covered cause of loss.

m. Electronic Data Processing Hardware, Data and Media

- (1) You may extend Your Business Personal Property to apply to electronic data processing "hardware", "data" and "media" at the premises described in the Declarations. Under this Extension the following additional causes of loss are covered:
 - (a) Changes in your electrical power supply, including interruption, power surge, blackout or brownout, if the cause of such event originates 100 feet or less from any premises described in the Declarations.
 - (b) Dishonest acts committed by your employees acting alone or in collusion with other persons, except you or your partners, directors or trustees but theft by employees is not covered.
 - (c) Dampness or dryness of atmosphere or changes in or extremes of temperature.
 - (d) Floods, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not.
 - (e) Earth movement, such as an earthquake, landslide or earth sinking, rising or shifting.

- (2) The exclusions listed below in Section B. **Exclusions** of the Causes of Loss Special Form do not apply to coverage provided by this Extension:

(a) 1. b. (1)

(b) 1. g. (1)

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- (c) 2. a.
- (d) 2. (7) (a) (b)
- (e) 2. h.

(3) The value of data and media under this Extension will be either:

- (a) The actual cost of reproducing or replacing the lost or damaged data and media if you actually reproduce or replace them; or
- (b) The cost to replace the blank media with substantially identical property.

(4) We will not cover data and media which cannot be replaced or reproduced with others of the same kind or quality.

The most we will pay under this extension is \$20,000 each occurrence.

n. Electronic Data Processing Media Extra Expense and Business Income

We will pay your necessary "extra expense" to continue normal operations following loss or damage to your electronic data processing "media" from a covered cause of loss.

We will also pay for your actual loss of "business income" you sustain if you must close all or part of your business due to loss or damage to your electronic data processing "media" from a covered cause of loss.

The most we will pay under this Extension is \$15,000 any one occurrence.

Each of these Extensions is additional insurance. The Additional Condition, Coinsurance does not apply to these Extensions.

Additional Coverages

B. Paragraph c. Fire Department Service Charge of 4. Additional Coverages of the Building and Personal Property Form is replaced by the following:

c. Fire Department Service Charge or Other Extinguishment Service Charges

When the fire department or other extinguishment services are called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$2,000 for the fire department or other extinguishment services charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

This Additional Coverage is additional insurance.

C. The following is added to Paragraph 4. Additional Coverages of the Building and Personal Property Form:

e. Soft Costs — Building

We will pay only those "Soft Costs":

- (1) That are over and above your normal expenditures; and
- (2) That are incurred during the period of time:

- (a) That begins on the date loss occurs; and
- (b) Ends one year after the date on which the construction, repairs, or replacement would be scheduled for completion.

We will only pay "Soft Costs" if you have chosen the replacement cost option in the Building and Personal Property Coverage Form and you repair or replace.

Normal expenditures are expenses that would have been incurred by your operation had no loss or damage occurred.

The most we will pay under this Additional Coverage for "Soft Costs" arising from any one occurrence is \$25,000.

This Additional Coverage is additional insurance.

D. Tenant Improvement and Betterments

The following is added to paragraph b.(6) of Section A. Coverage your Business Personal Property:

The above will apply regardless of any contract or lease the insured may have entered to the contrary.

E. Paragraph 2. of C. Limitations of the Causes of Loss — Special Form is deleted and replaced by the following:

- 2. We will not pay more than \$5,000 in any one occurrence for loss of or damage to glass that is part of a building or structure, regardless of the number of panes, plates or similar units of glass. Subject to this \$5,000 aggregate, we will not pay more than \$1,000 for each plate, pane, multiple plate insulating unit, radiant or solar heating panel, jalousie, louver or shutter.

However, this limitation does not apply to:

- a: Loss or damage by the "specified causes of loss", except vandalism; or
- b: Business Income coverage or Extra Expense coverage.

F. Subparagraph c. of E. Additional Coverage Extensions 1. Property in Transit of the Causes of Loss Special Form is amended to read as follows:

- c. The most we will pay for loss or damage under this Extension is \$10,000 each occurrence.

G. Flood

The last paragraph of g. Water of section B. Exclusions of the Causes of Loss — Special Form is deleted and replaced with the following:

But if loss or damage by fire, explosion, theft or sprinkler leakage results, we will pay for that resulting loss or damage.

H. Insurance Under Two or More Coverages

The following is added to paragraph C. Insurance Under Two or More Coverages of the Commercial Property Conditions:

If a Coverage Form is attached to this policy that provides coverage for any of the extensions provided by this endorsement, the limit shown in the schedule and the coverage provided by this endorsement are deleted and replaced by



the limit and coverage provided by the Coverage Form.

I. Limits of Insurance

Regardless of the number of buildings at a location covered by this endorsement, the most we will pay under this Coverage Extension Endorsement in any one occurrence is the applicable Limits of insurance shown in the Coverage Extension Schedule.

J. Proof of Loss — Time Period to Submit

Section E. Loss Conditions 3.a. (7) is increased to 90 days.

K. Deductibles

The Deductible described in Section D. of the **Building and Personal Property Coverage Form** is deleted and replaced by the following:

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds \$250. We will then pay the amount of loss or damage in excess of \$250 up to the applicable Limit of Insurance for the following coverage extensions:

1. Newly Acquired or Constructed Property
2. Personal Effects and Property of Others
3. Valuable Papers and Records
4. Property Off-Premises
5. Outdoor Property
6. Money and Securities
7. Back-Up of Sewers and Drains
8. Fine Arts
9. EDP Hardware, Data and Media
10. Building Glass
11. Property In Transit

No deductible provisions applies to the following extensions.

1. Accounts Receivable
2. Arson Reward
3. Recharging, Refilling or Replacement of Fire Extinguishing Equipment
4. Inventory or Appraisal Cost
5. EDP Media — Extra Expense and Business Income
6. Fire Department Service Charge or Other Extinguishment Services Charges
7. Soft Costs — Building

L. Additional Definitions

The following Additional Definitions apply to this endorsement only:

1. **"Banking Premises"** means the interior of that portion of any building occupied by a banking institution or similar safe depository.
2. **"Business Income"** means the:
 - a. Net income (Net Profit or Loss before income taxes) that would have been earned had no loss

occurred; and

- b. Continuing normal operating expenses incurred, including payroll.
3. **"Data"** is a fact, concept or instruction that is converted into a form that can be used in a data processing operation. It includes computer programs but not **"media"**.
4. **"Extra Expense"** means necessary expenses you incur to avoid or minimize the suspension of business that you would not have incurred if there had been no direct physical loss or damage caused by or resulting from a Covered Cause of Loss.
5. **"Fine Arts"** means paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass, bric-a-brac, and similar property of rarity, historical value or artistic merit.
6. **"Hardware"** means equipment and components which accept information, process and analyze that information according to programmed instructions, and then produces or retains the results of those processes.
7. **"Loss"** as used in the Valuable Papers and Records and Account Receivable Extensions means accidental loss or damage.
8. **"Media"** is the material on which **"data"** is recorded, such as magnetic tapes, disk packs, drums, paper tapes, cards and programs. This includes the **"data"** stored on the **"media"**.
9. **"Messenger"** means you, any of your partners or any employee while having care and custody of the property outside the **"premises"**.
10. **"Money"** means:
 - a. Currency, coins and bank notes whether or not in current use; and
 - b. Travelers checks, register checks and money orders held for sale to the public.
11. **"Occurrence"** as used in the **"Money"** and **"Securities"** extension means an act or series of related acts involving one or more persons; or an act or event, or a series of related acts or events not involving any person.
12. **"Premises"** as used in the Money and Securities Extension means the interior of that portion of any building you occupy in conducting your business.
13. **"Premises"** as used in the Valuable Papers and Records and Account Receivable Extensions means that interior of the building at the address shown in the Declarations that you occupy for your business.
14. **"Securities"** means negotiable and non-negotiable instruments or contracts representing either **"money"** or other property and includes:
 - a. Tokens, tickets, revenue and other stamps



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whether or not in current use; and

- b. Evidences of debt issued in connection with credit or charge cards, which are not of your own issue;

but does not include "money".

- 15. "Soft Costs" means architects, inspection, superintendent and other expenses incidental to the repair or replacement of the property associated with loss or damage by a Covered Cause of Loss.

- 16. "Valuable Papers and Records" means the following type of property that is your property or property of others in your care, custody or control:

Inscribed, printed or written:

- a. Documents;
- b. Manuscripts; and
- c. Records, including abstracts, books, deeds, drawings, films, maps or mortgages.

But "Valuable Papers and Records" does not mean:

- d. "Money" or "Securities";
- e. Converted data;
- f. Programs or instructions used in your data processing operations, including the materials on which the data is recorded



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BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION G—DEFINITIONS.

A. COVERAGE

Coverage is provided as described below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

- (i) Business Income including "Rental Value."
- (ii) Business Income other than "Rental Value."
- (iii) "Rental Value."

If option (i) above is selected, the term Business Income will include "Rental Value." If option (iii) above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration." The suspension must be caused by direct physical loss of or damage to property, including personal property in the open (or in a vehicle) within 100 feet, at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss.

If you are a tenant, your premises is the portion of the building which you rent, lease or occupy, including:

- 1. All routes within the building to gain access to the described premises; and
- 2. Your personal property in the open (or in a vehicle) within 100 feet.

1. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

2. Covered Causes Of Loss

See applicable Causes of Loss Form as shown in the Declarations.

3. Additional Coverages

a. Extra Expense.

Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no

direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

- (1) We will pay any Extra Expense to avoid or minimize the suspension of business and to continue "operations":

- (a) At the described premises; or
- (b) At replacement premises or at temporary locations, including:
 - (i) Relocation expenses; and
 - (ii) Costs to equip and operate the replacement or temporary locations.

- (2) We will pay any Extra Expense to minimize the suspension of business if you cannot continue "operations."

- (3) We will pay any Extra Expense to:

- (a) Repair or replace any property; or
- (b) Research, replace or restore the lost information on damaged valuable papers and records;

to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

- b. **Civil Authority.** We will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss. The coverage for Business Income will begin 72 hours after the time of that action and will apply for a period of up to three consecutive weeks after coverage begins.

The coverage for Extra Expense will begin immediately after the time of that action and will end:

- (1) 3 consecutive weeks after the time of that action; or
- (2) When your Business Income coverage ends; whichever is later.

- c. **Alterations and New Buildings.** We will pay for the actual loss of Business Income you sustain due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;



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- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
 - (a) Used in the construction, alterations or additions; or
 - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations," the "period of restoration" will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

d. Extended Business Income.

(1) Business Income other than "Rental Value"

If the necessary suspension of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
 - (i) The date you could restore your "operations," with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 30 consecutive days after the date determined in (1)(a) above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary suspension of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenability is restored; and
- (b) Ends on the earlier of:
 - (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 30 consecutive days after the date determined in (2)(a) above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

4. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

Newly Acquired Locations

- a. You may extend your Business Income Coverage to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay for loss under this Extension is \$100,000 at each location.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - (1) This policy expires;
 - (2) 30 days expire after you acquire or begin to construct the property; or
 - (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

This Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

B. EXCLUSION AND LIMITATIONS

See applicable Causes of Loss Form as shown in the Declarations.

C. LIMITS OF INSURANCE

The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations. The limit applicable to the Coverage Extension is in addition to the Limit of Insurance.

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Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Alterations and New Buildings;
2. Civil Authority;
3. Extra Expense; or
4. Extended Business Income.

D. LOSS CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

- a. You must see that the following are done in the event of loss:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the direct physical loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order of examination.

- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

- (7) Cooperate with us in the investigation or settlement of the claim.

- (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Limitation — Electronic Media And Records

We will not pay for any loss of Business Income caused by direct physical loss of or damage to Electronic Media and Records after the longer of:

- a. 60 consecutive days from the date of direct physical loss or damage; or
- b. The period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild or replace, with reasonable speed and similar quality, other property at the described premises due to loss or damage caused by the same occurrence.

Electronic Media and Records are:

- (1) Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;
- (2) Data stored on such media; or
- (3) Programming records used for electronic data processing or electronically controlled equipment.

This limitation does not apply to Extra Expense.

Example No. 1:

A Covered Cause of Loss damages a computer on June 1. It takes until September 1 to replace the computer, and until October 1 to restore the data that was lost when the damage occurred. We will only pay for the Business Income loss sustained during the period June 1—September 1. Loss

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during the period September 2—October 1 is not covered.

Example No. 2:

A Covered Cause of Loss results in the loss of data processing programming records on August 1. The records are replaced on October 15. We will only pay for the Business Income loss sustained during the period August 1—September 29 (60 consecutive days). Loss during the period September 30—October 15 is not covered.

4. Loss Determination

a. The amount of Business Income loss will be determined based on:

- (1) The Net Income of the business before the direct physical loss or damage occurred;
- (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses.
- (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
- (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

- (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration," once "operations" are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) All necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

- (1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations," in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
- (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

d. If you do not resume "operations," or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

5. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

E. ADDITIONAL CONDITION

Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any loss if the Limit of Insurance for Business Income is less than:

- a. The Coinsurance percentage shown for Business Income in the Declarations, times
- b. The sum of:
 - (1) The Net Income (Net Profit or Loss before income taxes), and
 - (2) Operating expenses, including payroll expenses, that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

Instead, we will determine the most we will pay using the following steps:

1. Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;

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2. Divide the Limit of Insurance for the described premises by the figure determined in step 1.; and
3. Multiply the total amount of loss by the figure determined in step 2.

We will pay the amount determined in step 3. or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

- a. Prepaid freight-outgoing;
- b. Returns and allowances;
- c. Discounts;
- d. Bad debts;
- e. Collection expenses;
- f. Cost of raw stock and factory supplies consumed (including transportation charges);
- g. Cost of merchandise sold (including transportation charges);
- h. Cost of other supplies consumed (including transportation charges);
- i. Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- j. Power, heat and refrigeration expenses that do not continue under contract (if Form CP 15 11 is attached);
- k. All ordinary payroll expenses or the amount of payroll expense excluded (if Form CP 15 10 is attached); and
- l. Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion — not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

Example No. 1 (Underinsurance):

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been

\$400,000

The Coinsurance percentage is 50%

The Limit of Insurance is \$150,000

The amount of loss is \$ 80,000

Step 1.: $\$400,000 \times 50\% = \$200,000$

(the minimum amount of insurance to meet your Coinsurance requirements)

Step 2.: $\$150,000 \div \$200,000 = .75$

Step 3.: $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

Example No. 2 (Adequate Insurance):

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been

\$400,000

The Coinsurance percentage is 50%

The Limit of Insurance is \$200,000

The amount of loss is \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$400,000 \times 50\%$). Therefore, the Limit of Insurance in this Example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

This condition does not apply to the Extra Expense Additional Coverage.

F. OPTIONAL COVERAGES

If shown in the Declarations, the followings Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income is the lesser of:
 - (1) The amount of loss sustained during the 120 days immediately following the beginning of the "period of restoration"; or
 - (2) The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:
 - (1) The Limit of Insurance, multiplied by
 - (2) The fraction shown in the Declarations for this Optional Coverage.

Example:

When: The Limit of Insurance is \$120,000

The fraction shown in the Declarations for this Optional Coverage is

1/4

The most we will pay for loss in each period of 30 consecutive days is:



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$$\$120,000 \times 1/4 = \$30,000$$

If, in this example, the actual amount of loss is:

Days 1-30	\$40,000
Days 31-60	20,000
Days 61-90	<u>30,000</u>
	\$90,000

We will pay:

Days 1-30	\$30,000
Days 31-60	20,000
Days 61-90	<u>30,000</u>
	\$80,000

The remaining \$10,000 is not covered.

3. Business Income Agreed Value

a. To activate this Optional Coverage:

(1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":

(a) During the 12 months prior to the date of the Work Sheet; and

(b) Estimated for the 12 months immediately following the inception of this Optional Coverage.

(2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:

(a) The Coinsurance percentage shown in the Declarations; multiplied by

(b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.

b. The Additional Condition, Coinsurance, is suspended until:

(1) 12 months after the effective date of this Optional Coverage; or

(2) The expiration date of this policy; whichever occurs first.

c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:

(1) Within 12 months of the effective date of this Optional Coverage; or

(2) When you request a change in your Business Income Limit of Insurance.

d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:

(1) The Business Income Limit of Insurance; divided by

(2) The Agreed Value.

Example:

When: The Limit of Insurance is \$100,000

The agreed value is \$200,000

The amount of loss is \$80,000

Step (a): $\$100,000 \div \$200,000 = .50$

Step (b): $.50 \times \$80,000 = \$40,000$

We will pay \$40,000. The remaining \$40,000 is not covered.

4. Extended Period Of Indemnity

Under paragraph A.3.d., Extended Business Income, the number "30" in subparagraph (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

G. DEFINITIONS

1. "Finished Stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. "Operations" means:

a. Your business activities occurring at the described premises; and

b. The tenantability of the described premises, if coverage for Business Income including "Rental Value" or "Rental Value" applies.

3. "Period of Restoration" means the period of time that:

a. Begins:

(1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

(2) immediately after the time of direct physical loss or damage for Extra Expense coverage; caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

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- (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants."

The expiration date of this policy will not cut short the "period of restoration."

4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste.

Waste includes materials to be recycled, reconditioned or reclaimed.

5. "Rental Value" means the:
 - a. Total anticipated rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, and
 - b. Amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations, and
 - c. Fair rental value of any portion of the described premises which is occupied by you.

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BUSINESS INCOME CHANGES — BEGINNING OF THE PERIOD OF RESTORATION (NO WAITING PERIOD)

This endorsement modifies insurance provided under the following:

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM

- | | |
|--|--|
| <p>A. In the Business Income (And Extra Expense) Coverage Form:</p> <ol style="list-style-type: none"> 1. The Civil Authority Additional Coverage is amended by deleting the second and third paragraphs and replacing them with the following:
This coverage will apply for a period of up to three consecutive weeks from the date of that action. 2. Paragraph a. of the "Period of Restoration" definition is replaced by the following: <ol style="list-style-type: none"> a. Begins immediately after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and | <p>B. In the Business Income (Without Extra Expense) Coverage Form:</p> <ol style="list-style-type: none"> 1. The Civil Authority Additional Coverage is amended by deleting the last sentence and replacing it with the following:
This coverage will apply for a period of up to three consecutive weeks from the date of that action. 2. Paragraph a. of the "Period of Restoration" definition is replaced by the following: <ol style="list-style-type: none"> a. Begins immediately after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and |
|--|--|



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WISCONSIN CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

- A.** When this endorsement is attached to the Standard Property Policy **CP 00 99** the term Coverage Part in the endorsement is replaced by the term Policy.
- B.** The **Concealment, Misrepresentation Or Fraud** Commercial Property Condition is replaced by the following:
- CONCEALMENT, MISREPRESENTATION OR FRAUD**
1. No misrepresentation and no breach of affirmative warranty made by you or on your behalf in the negotiation for or procurement of this Coverage Part affects our obligations unless, if a misrepresentation, the person knew or should have known that the representation was false, and unless:
 - a. We rely on the misrepresentation or affirmative warranty and the misrepresentation or affirmative warranty is either material or made with intent to deceive; or
 - b. The facts misrepresented or falsely warranted contribute to the loss.
 2. No failure of a condition before a loss and no breach of a promissory warranty affects our obligation under this Coverage Part unless such failure or breach exists at the time of loss and either:
 - a. Increases the risk at the time of loss; or
 - b. Contributes to the loss.
- C. Legal Action Against Us**
1. **The Legal Action Against Us** Commercial Property Condition is replaced by the following:

LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless the action is brought within 2 years after the date on which the direct physical loss or damage occurred.

 - 2. Paragraph **a.** of Additional Condition **H.5. Legal Action Against Us** in the Mortgageholders Errors And Omissions Coverage Form is replaced by the following:

No one may bring a legal action against us under COVERAGES **A** and **B** unless the action is brought within 2 years after you discover the error or accidental omission.

 - 3. The following are deleted:
 - a. The Legal Action Against Us Loss Condition in the Legal Liability Coverage Form; and
 - b. Paragraph **b.** of Additional Condition **H.5. Legal Action Against Us** in the Mortgageholders Errors And Omissions Coverage Form.
- D.** The following is added to the **Transfer Of Rights Of Recovery Against Others To Us** Commercial Property Condition:
- We will be entitled to a recovery only after you have been fully compensated for damages.
- E.** The following are added:
1. **Knowledge And Acts Of Agents**
 - a. If any of our agents knows any fact that breaches a condition of this policy, we will be considered to know it also if that fact:
 - (1) Is known to the agent at the time the policy is issued or an application made; or
 - (2) Later becomes known to the agent in the course of his or her dealings as an agent with you.
 - b. Any fact that breaches a condition of this policy and is known to the agent before the loss will not:
 - (1) Void this policy; or
 - (2) Prevent a recovery in the event of loss.
 2. The **Ordinance Or Law** Exclusion in the Basic, Broad, Special And Earthquake - Causes Of Loss Forms does not apply to dwelling properties occupied as a residence by you.
 3. **Conformity To Statute Or Rule**
- Any provision of this Coverage Part (including endorsements which modify the Coverage Part) that is in conflict with a Wisconsin statute or rule is hereby amended to conform to that statute or rule.
- The term rule means a valid rule promulgated by the Commissioner of Insurance in accordance with the rule-making authority conferred under Wis. Stat. Ann. s. 227.11(2) and published in the Wisconsin Administrative Code.
- F.** The following is added to the **Loss Payment** Loss Condition in the Commercial Property Coverage Part:
- h. If a municipality, which is a first class city, has elected to apply the provisions of Wis. Stat. Ann. Secs. 632.10 through 632.104, a part of our payment for fire or explosion loss or damage to your covered real property in that municipality will be withheld if the loss or damage is subject to these provisions.
 - (1) The withheld amount will be paid in accordance with the law, to the following:
 - (a) The municipality where the covered property is located;
 - (b) You and any other interest named in the Declarations; or
 - (c) The mortgageholder, if any.



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INSURANCE

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However, we will not pay more than the amount of loss payable under this policy.

- (2) Within 10 days after withholding the required amount, we will give written notice of the withholding to the following:
- (a) The building inspection official of the municipality where the covered property is located;
 - (b) You;
 - (c) Any mortgageholder and any other lienholder who has an existing lien against

the property and is named in the Declarations; and

- (d) The court in which judgment was entered if the final settlement was determined by judgment.
- (3) We will not be liable in any cause of action, nor may any liability be imposed on us, arising from the payment, withholding or transferring of all or any portion of a final settlement in accordance with Wis. Stat. Ann. Secs. 632.10 through 632.104.

POLICY NUMBER	ISSUE DATE
AWR809722	02/28/2001

COMMERCIAL ACCOUNT POLICY COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS

NAMED INSURED
JOHN E. REID & ASSOC INC.
LIMITS OF INSURANCE

General Aggregate Limit (Other than Products—Completed Operations)	\$2,000,000
Products—Completed Operations Aggregate Limit	\$1,000,000
Personal and Advertising Injury Limit	\$1,000,000
Each Occurrence Limit	\$1,000,000
Fire Damage (any one fire) Limit	\$100,000
Medical Expenses (any one person) Limit	\$10,000

PREMIUM *
ALL CLASSIFICATIONS APPLICABLE TO THIS COVERAGE FORM MAY BE FOUND IN THE ATTACHED SCHEDULES.

PRODUCTS AND COMPLETED OPERATIONS	
ALL OTHER	\$1,315.00
TOTAL	\$1,315.00

LIABILITY CLASS SCHEDULE

PREM NO.	BLDG NO.	DESCRIPTION OF CLASSIFICATION	CLASS CODE	SUBLINE	RATE BASIS	EXPOSURE AMOUNT	ANNUAL FINAL RATE	PREMIUM CHARGED
00001	001	CONSULTANTS-NOC	41677	PREMISES	PER \$1000 PAYROLL	2,060,000	0.5272	\$1,086
00001	001	EMPLOYERS NON-OWNERSHIP AUTO LIAB 0-25 EMPLOYEES	66010	SPECIAL	NBR OF EMPLOYEES	1	1.0000	\$106
00001	001	HIRED AUTO LIABILITY COVERAGE	66190	SPECIAL	NO EXPOSURE	1	1.0000	\$123
00002	001	CONSULTANTS-NOC	41677	PREMISES	PER \$1000 PAYROLL	IF ANY	0.4592	
00003	001	CONSULTANTS-NOC	41677	PREMISES	PER \$1000 PAYROLL	IF ANY	0.4592	

* This premium may be subject to adjustment.



CG 04 31 09 98

YEAR 2000 COMPUTER-RELATED AND OTHER ELECTRONIC PROBLEMS — LIMITED COVERAGE OPTIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULES

SCHEDULE A — COVERAGES TO BE PROVIDED (SUBJECT TO THE DESCRIPTION IN SCHEDULE B)

Check any one or more of the following:

☒ Bodily Injury ☐ Property Damage ☐ Personal and Advertising Injury

SCHEDULE B — DESCRIPTION OF LOCATION, OPERATIONS, PRODUCTS OR SERVICES TO BE COVERED (TO WHICH SCHEDULE A APPLIES)

Description of location(s) operation(s), product(s) or service(s)

All locations, operations, products or services to which this policy applies.

SCHEDULE C — PREMIUM

Premium \$ **WAIVED**

The following exclusion is added to Paragraph 2., **Exclusions of Section I — Coverage A — Bodily Injury And Property Damage Liability** and Paragraph 2., **Exclusions of Section I — Coverage B — Personal And Advertising Injury Liability**:

2. Exclusions

This insurance does not apply to "bodily injury", "property damage" or "personal injury" and "advertising injury" (or "personal and advertising injury" if defined as such in your policy) arising directly or indirectly out of:

- a. Any actual or alleged failure, malfunction or inadequacy of:
 - (1) Any of the following, whether belonging to any insured or to others:
 - (a) Computer hardware, including microprocessors;
 - (b) Computer application software;
 - (c) Computer operating systems and related software;
 - (d) Computer networks;
 - (e) Microprocessors (computer chips) not part of any computer system; or

(f) Any other computerized or electronic equipment or components; or

- (2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph 2.a.(1) of this endorsement

due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.

- b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph 2.a. of this endorsement.

This exclusion does not apply to the types of injury or damage indicated in Schedule A — Coverages To Be Provided of this endorsement arising out of any operations, products or services, or any operations or services at or from any specific location, described in Schedule B — Description Of Location, Operations, Products Or Services To Be Covered of this endorsement.



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HIRED AUTO AND NON-OWNED AUTO LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART**SCHEDULE**

Insurance is provided only with respect to those coverages for which a specific premium charge is shown:

HIRED AUTO LIABILITY

State	Estimated Cost of Hire	Rates per \$100	Advance Premium
IL	IF ANY	VARIES	\$123
Sub Total			\$123

NON-OWNED AUTO LIABILITY

Number of Employees		Advance Premium
1		\$106
Sub Total		\$106
Total Advance Premium		\$229

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

A. HIRED AUTO LIABILITY

The insurance provided under COVERAGE A (Section I) applies to "bodily injury" or "property damage" arising out of the maintenance or use of a "hired auto" by you or your employees in the course of your business.

B. NON-OWNED AUTO LIABILITY

The insurance provided under COVERAGE A (Section I) applies to "bodily injury" or "property damage" arising out of the use of any "non-owned auto" in your business by any person other than you.

C. FOR THE PURPOSES OF THESE COVERAGES ONLY

1. Exclusions c, e, g, h, j, k, l, m and n, under COVERAGE A (Section I) are deleted.

2. The following exclusions are added:

There is no coverage for:

a. "Bodily Injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement.

b. "Bodily Injury" to

- (1) an employee of the insured arising out of or in the course of employment by the insured; or
- (2) the spouse, child, parent, brother or sister of that employee as a consequence of (1) above.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other "capacity"; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of injury.

This exclusion does not apply to:

- (1) Liability assumed by the insured under an "insured contract"; or
- (2) "Bodily Injury" arising out of and in the course of domestic employment by the insured unless benefits for such injury are in whole or in part either payable or required to be provided under any workers compensation law.

c. "Property Damage" to:

- (1) property owned or being transported by, or rented or loaned to the insured; or

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(2) property in the care, custody or control of the insured.

3. WHO IS AN INSURED (Section II) is replaced by the following:

Each of the following is an insured under this insurance to the extent set forth below:

- a. You;
- b. Any other person using a "hired auto" with your permission;
- c. With respect to a "non-owned auto", any partner or executive officer of yours, but only while such "non-owned auto" is being used in your business;
- d. Any other person or organization, but only with respect to their liability because of acts or omissions of an insured under a., b., or c. above.

None of the following is an insured:

- a. Any person engaged in the business of his or her employer with respect to "bodily injury" to any co-employee of such person injured in the course of employment;
- b. Any partner or executive officer with respect to any "auto" owned by such partner or officer or a member of his or her household;
- c. Any person while employed in or otherwise engaged in duties in connection with an "auto business" other than an "auto business" you operate;
- d. The owner or lessee (of whom you are a sub-lessee) of a "hired auto" or the owner of a

"non-owned auto" or any agent or employee of any such owner or lessee;

- e. Any person or organization with respect to the conduct of any current or past partnership or joint venture, or limited liability company, that is not shown as a Named Insured in the Declarations.

4. The General Aggregate Limit for Coverage A (Section III.2.b.) does not apply, but the Each Occurrence Limit does apply.

5. The Excess Insurance Condition (Section IV.4.b.3.) is replaced by the following:

(3) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent:

(a) not subject to Exclusion g. of Coverage A (Section I); or

(b) covered under the Hired Auto and Non-Owned Auto Liability coverage.

6. The following additional definitions apply:

"Auto business" means the business or occupation of selling, repairing, servicing, storing or parking "autos".

"Hired auto" means any "auto" you lease, hire, or borrow. This does not include any "auto" you lease, hire, or borrow from any of your employees or members of their households, or from any partner or executive officer of yours.

"Non-owned auto" means any "auto" you do not own, lease, hire or borrow which is used in connection with your business. However, if you are a partnership, a "non-owned auto" does not include any auto owned by any partner.



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NOTICE TO POLICYHOLDERS — GENERAL LIABILITY BROADENINGS, RESTRICTIONS AND CLARIFICATIONS OF COVERAGE

This notice has been prepared in conjunction with the implementation of changes to your policy. It contains a brief synopsis of the significant broadenings, restrictions and clarifications of coverage that were made in each policy form and endorsement. This notice does not reference every editorial change made in these forms and endorsements.

Please read your policy, and the endorsements attached to your policy, carefully.

PERSONAL AND ADVERTISING INJURY

Personal And Advertising Injury has been listed separately because the changes in the Personal and Advertising injury in these coverage forms result in broadening in coverage in certain respects and may, in certain states, result in a decrease in other respects. The impact of the changes in the revision are very difficult to quantify and may differ in different states. Taken as a whole, the revised Personal and Advertising Injury Coverage is at least equal to, if not broader than, that which the current coverage provides.

CG 00 01 07 98 — Commercial General Liability Coverage Form (Occurrence Version)

CG 00 02 07 98 — Commercial General Liability Coverage Form (Claims-Made Version)

The following revisions may result in broadening in coverage in certain respects and may, in certain states, result in a decrease in other respects.

- We have provided coverage for "trade dress" while deleting the terms "style of doing business" and "title."
- The current "willful" violation of a penal statute" exclusion has been replaced with a "criminal acts" exclusion.
- The change from the undefined term "advertising activities" to a defined term "advertisement" is intended to strengthen the necessary causal connection between the covered offenses and the insured's advertisement.
- The addition of an intentional injury exclusion in Coverage B clarifies the intent of the coverage as supported by the general principle of insurance which requires fortuity for coverage to apply.

Coverage I3 has been broadened by including consequential "bodily injury", while Coverage A has been reduced by adding a complementary exclusion to avoid duplicate coverage. Overall, these two changes create no change in coverage.

CG 28 05 Personal Injury Liability

The following revisions may result in broadening in coverage in certain respects and may, in certain states, result in a decrease in other respects.

- The current "willful" violation of a penal statute" exclusion has been replaced with a "criminal acts" exclusion.
- The addition of an intentional injury exclusion in Coverage B clarifies the intent of the coverage as supported by the general principle of insurance which requires fortuity for coverage to apply. Coverage B has been broadened by including consequential "bodily injury", while Coverage A has been reduced by adding a complementary exclusion

to avoid duplicate coverage. Overall, these two changes create no change in coverage.

BROADENINGS OF COVERAGE — COVERAGE FORMS

CG 00 01 — Commercial General Liability Coverage Form (Occurrence Version)

CG 00 02 — Commercial General Liability Coverage Form (Claims-Made Version)

CG 00 09 — Owners and Contractors Protective Liability Coverage Form

The pollution exclusion in these coverage forms is being revised to provide an exception applicable to the named insured for liability arising out of a release of pollutants at certain premises, sites or locations which are or were at any time, owned or occupied by, or rented or loaned to, an additional insured for which the named insured is performing operations as a contractor under certain circumstances.

The pollution exclusion in these coverage forms is also being revised to provide an exception for bodily injury or property damage sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations as a contractor being performed by or on behalf of any insured.

CG 00 01 — Commercial General Liability Coverage Form (Occurrence Version)

CG 00 02 — Commercial General Liability Coverage Form (Claims-Made Version)

Several revisions have been made to these coverage forms to provide additional coverage for damage to premises rented or loaned to the named insured on a short-term basis.

BROADENINGS OF COVERAGE — MULTISTATE ENDORSEMENTS

CG 22 93 — Introduction of Lawn Care Services Coverage Endorsement

The new endorsement provides limited pollution coverage for lawn care services risks.

CLARIFICATIONS IN COVERAGE AND OTHER EDITORIAL REVISIONS — COVERAGE FORMS

All General Liability coverage forms contain minor editorial revisions to provide for consistency among policies. In addition, these coverage forms have been revised to incorporate other various revisions in order to clarify coverage. The latter category of revisions to each individual coverage form are described below:

CG 00 01 — Commercial General Liability Coverage Form (Occurrence Version)



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CG 00 02 — Commercial General Liability Coverage Form (Claims-Made Version)**CG 00 09 — Owners and Contractors Protective Liability Coverage Form**

These policies have been clarified with respect to third-party property damage claims by

indicating that paragraph (2) of the pollution exclusion does not nullify coverage for property damage not excluded by paragraph (1) of the exclusion.

CG 00 01 — Commercial General Liability Coverage Form (Occurrence Version)**CG 00 02 — Commercial General Liability Coverage Form (Claims-Made Version)**

Paragraph 4.b.2. has been added to the Other Insurance Condition of Section IV — Commercial General Liability Conditions to make an insured's own CGL coverage excess insurance over the insurance provided by any other primary insurance policy which covers that insured as an additional insured. This change currently exists via a mandatory endorsement (CG 00 55 and CG 00 56), and is now simply being incorporated directly into the CGL policies.

CG 00 35 — Railroad Protective Liability Coverage Form

• The definitions of "pollutants" and "hostile fire", which are contained within the current exclusion, are being moved to the definitions section. The word "contractor" has been made a defined term and definitions of both "mobile equipment" and "auto" have been included in the form to provide consistency with various ISO General Liability Coverage forms.

• New paragraph 3, which replaces subparagraph (3) has been made easier to read by placing the exceptions for operating fluids from mobile equipment and for heat, smoke or fumes from a hostile fire closer to the paragraph which they affect, as shown in subparagraphs (a) and (b). In addition, new paragraph (3) and subparagraph (3)(a) have been amended to replace the reference to "such insured" with "you" and to replace the term "subcontractor" with "your designated employee."

CG 00 01 — Commercial General Liability Coverage Form (Occurrence Version)**CG 00 02 — Commercial General Liability Coverage Form (Claims-Made Version)****CG 00 09 — Owners and Contractors Protective Liability Coverage Form****CG 00 37 — Products/Completed Operations Liability Coverage Form (Occurrence Version)****CG 00 38 — Products/Completed Operations Liability Coverage Form (Claims-Made Version)**

Editorial changes have been made to these policies by separately labeling and including appropriate lettering/numbering for each of the two Supplementary Payments provisions.

CG 00 39 — Pollution Liability Coverage Form**CG 00 40 — Pollution Liability Limited Coverage Form**

The "products-completed operations hazard" definition has been editorially revised and reformatted in order to improve its readability. In addition, these endorsements are revised to provide consistency with the changes made to the pollution exclusion in the CGL policy.

CG 00 39 — Pollution Liability Coverage Form**CG 00 40 — Pollution Liability Limited Coverage Form****CG 00 42 — Underground Storage Tank Policy**

A reference to managers of limited liability companies has been added to the Failure to Comply with Environmental Laws to exclude managers of limited liability companies from coverage for liability for bodily injury or property damage arising out of a pollution incident (for the Pollution policies) or arising out of an underground storage tank incident (for the UST policy) which results from that manager's failure to comply with any applicable statute, regulation, ordinance, directive or order.

CLARIFICATIONS IN COVERAGE AND OTHER EDITORIAL REVISIONS — ENDORSEMENTS

CG 00 58 — Amendment Of Insuring Agreement — Known Injury Or Damage And Inspections And Surveys Condition for use with the Owners And Contractors Protective Liability Coverage Part

CG 00 59 — Amendment Of Insuring Agreement — Known Injury Or Damage And Inspections And Surveys Condition for use with the Railroad Protective Liability Coverage Part In addition to addressing known injury or damage (discussed elsewhere in this notice), these endorsements also include a revision to the Inspections And Surveys Condition with respect to the certification of boilers, pressure vessels or elevators under state municipal statutes, ordinances or regulations.

CG 04 30 09 99 — Pollution Exclusion — Limited Exception For Building Heating Equipment

This endorsement has been revised to change the reference to subparagraph (l)(d)(i) to read(l)(d). The reference to (i) has been deleted to be consistent with the paragraph numbering of the pollution exclusion in the Commercial General Liability Coverage Form.

CG 2149 09 99 — Total Pollution Exclusion Endorsement**CG 2155 09 99 — Total Pollution Exclusion With A Hostile Fire Exception**

These pollution exclusion endorsements have been revised to be consistent with the pollution exclusion in the Commercial General Liability Coverage Form (both occurrence and claims-made versions). Specifically, subparagraph (2)(a) of each endorsement has been revised to include the phrase "or statutory or regulatory requirement".

CG 22 65 09 99 — Optical And Hearing Aid Establishments

CG 24 18 09 99 — Seed Merchants — Coverage For Erroneous Delivery Or Mixture And Resulting Failure Of Seed To Germinate for use with the Commercial General Liability Coverage Part

CG 24 19 09 99 — Seed Merchants - Coverage For Erroneous Delivery Or Mixture (Resulting Failure Of Seed To



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Germinate Not Included) for use with the Commercial General Liability Coverage Part

CG 24 20 09 99 — Seed Merchants — Coverage For Erroneous Delivery Or Mixture And Resulting Failure Of Seed To Germinate for use with the Products/Completed Operations Liability Coverage Part

CG 24 21 09 99 — Seed Merchants — Coverage For Erroneous Delivery Or Mixture (Resulting Failure Of Seed To Germinate Not Included) for use with the Products/Completed Operations Liability Coverage Part. These endorsements have been revised to delete subparagraph d. under Paragraph A. 1. To reflect the addition of the new paragraphs to the Insuring Agreements in the new mandatory endorsements addressing known injury or damage.

CG 04 28 — Pollution Exclusion — Named Peril Limited Exception For A Short-Term Pollution Event

CG 04 29 — Pollution Exclusion — Limited Exception For A Short-Term Pollution Event

CG 04 30 — Pollution Exclusion — Limited Exception For Designated Pollutant(s)

CG 21 49 — Total Pollution Exclusion Endorsement

CG 21 55 — Total Pollution Exclusion With A Hostile Fire Exception

CG 22 64 — Pesticide or Herbicide Applicator Coverage

CG 22 73 — Exclusion — Oil or Gas Producing Operations

CG 22 78 — Hazardous Material Contractors

CG 24 15 — Limited Pollution Liability Extension Endorsement

These endorsements have been revised to reflect the changes made to the pollution exclusion in the General Liability Coverage Forms.

CG 2140 — Coverage B - Personal Injury Liability Only (Advertising Injury Liability Not Included) (Occurrence Version)

CG 2148 — Coverage B — Personal Injury Liability Only (Advertising Injury Liability Not Included) (Claims-Made Version)

These endorsements are being withdrawn from the multistate program because the "personal injury" and "advertising injury" definitions are being combined.

Due to the withdrawal of these endorsement, the option to exclude only advertising injury offenses without excluding personal injury offenses is no longer available.

CG 2145 — Exclusion - Damage To Premises Rented To You

The title has been changed to Exclusion — Damage to Premises Rented To You to be consistent with the changes made in the underlying Commercial General Liability (CGL).

CG 22 37 Exclusion — Products And Professional Services (Optical And Hearing Aid Establishments)

CG 22 65 Optical and Hearing Aid Establishments (For use with CGL policies)

These endorsements are revised to more closely reflect the wording of the Products Liability exclusion contained in the

Optometrists Professional Liability Coverage Form PR 00 11 12 97.

CG 22 32 Exclusion — Professional Services — Blood Banks Endorsement

This endorsement is revised to provide for consistency of wording with the coverage afforded under PR 00 07 12 97, Blood Banks Professional Liability Coverage Form.

CG 22 71 — Colleges or Schools (Limited Form)

CG 22 72 — Colleges or Schools

Paragraph B.2., adds an athletic or sports exclusion and will apply regardless of whether the insured school has a stadium, has been added to these endorsements. While an exclusion is added to this form, this is a clarification because how your coverage is restricted depends on if the school has a stadium. Coverage will not be restricted if the school has a stadium because while CG 21 01, Exclusion — Athletic or Sports Participants, will no longer apply, for college or school risks, CG 22 71 and CG 22 72 will apply to these school risks.

CG 22 89 — Exclusion — Property Damage To Electronic Data (Computer Software Manufacturer)

This endorsement has been clarified by adding additional language to clarify the definition of "insured contract" with respect to the manufacturing or development of computer software programs.

CG 24 09 Governmental Subdivisions

This reference to the definition of "mobile equipment" in this endorsement has been renumbered from definition 11. to definition 12.

CG 24 10 — Excess Provision — Vendors

This endorsement is revised to include the Commercial General Liability Coverage Part as an applicable line of business again.

CG 25 01 — Amendment of Limits of Insurance (Designated Project or Premises) (for use with the CGL)

CG 25 02 — Amendment of Limits of Insurance (for use with the CGL)

These endorsements have been revised for consistency with the changes made to the Commercial General Liability (CGL) policy. The reference Fire Damage coverage has been changed to Damage To Premises Rented To You coverage and the limit reference has been changed from any one tire limit to any one premises limit.

CG 25 11 — Amendment of Limits of Insurance (Designated Project or Premises)

This endorsement has been introduced (for use with the OCP) to provide a way to replace the limits shown in the Declarations of the OCP policy with the limits designated in the Schedule of the endorsement for the project or premises designated in the endorsement.

CG 27 10 — Supplemental Extended Reporting Period Endorsement

CG 27 11 — Supplemental Extended Reporting Period



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Endorsement For Specific Accidents, Products, Work Or Locations

These endorsements have been revised to remove the words "Amendment of Other Insurance Conditions" from the title. The Other Insurance Condition is also being revised to amend the Excess Insurance provision so that the insurance provided under the CGL will be excess over any other insurance bought specifically to cover the named insured's liability as a tenant.

CG 28 05 Personal Injury Liability

This endorsement has been modified to reflect the changes to Coverage B, Personal And Advertising Injury Liability in the Commercial General Liability Coverage Form.

CG 28 07 Principals Protective Liability Coverage

This endorsement is revised to be consistent with the changes in CG 00 09, Owners and Contractors Protective Liability Coverage Form.

CG 28 31 Pollution Exclusion Amendment Endorsement

This endorsement is revised to provide for consistency with the changes made to the pollution exclusion.

CG 20 07 — Additional Insured — Engineers, Architects, Or Surveyors

CG 20 12 — Additional Insured — State Or Political Subdivisions — Permits

CG 20 21— Additional Insured — Volunteer Workers

CG 20 22 — Additional Insured — Church Members, Officers And Volunteer Workers

CG 20 32 — Additional Insured — Engineers, Architects Or Surveyors Not Engaged By The Named Insured

CG 20 33 — Additional Insured — Owners, Lessees Or Contractors — Automatic Status When Required In Construction Agreement With You

CG 21 00 — Exclusion — All Hazards In Connection With Designated Premises

CG 21 16 — Exclusion — Designated Professional Services

CG 21 17 — Exclusion — Movement Of Buildings Or Structures

CG 21 44 — Limitation Of Coverage To Designated Premises Or Project

CG 21 46 — Abuse Or Molestation Exclusion

CG 21 47 — Employment-Related Practices Exclusion

CG 21 52 — Exclusion — Financial Services

CG 21 56 — Exclusion — Funeral Services

CG 21 57 — Exclusion — Counseling Services

CG 21 58 — Exclusion — Professional Veterinarian Services

CG 21 59 — Exclusion — Diagnostic Testing Laboratories

CG 22 24 — Exclusion — Inspection, Appraisal And Survey Companies

CG 22 30 — Exclusion — Corporal Punishment

CG 22 31 — Exclusion — Riot, Civil Commotion Or Mob Action — Governmental Subdivisions

CG 22 33 — Exclusion — Testing Or Consulting Errors And Omissions

CG 22 34 — Exclusion — Construction Management Errors And Omissions

CG 22 36 — Exclusion — Products And Professional Services (Druggists)

CG 22 37 — Exclusion — Products And Professional Services (Optical and Hearing Aid Establishments)

CG 22 38 — Exclusion — Fiduciary Or Representative Liability Of Financial Institutions

CG 22 39 — Exclusion — Camps Or Campgrounds

CG 22 43 — Exclusion — Engineers, Architects Or Surveyors Professional Liability

CG 22 44 — Exclusion — Services Furnished By Health Care Providers

CG 22 45 — Exclusion — Specified Therapeutic Or Cosmetic Services

CG 22 48 — Exclusion — Insurance And Related Operations

CG 22 51— Exclusion — Law Enforcement Activities

CG 22 56 — Exclusion — Injury To Volunteer Firefighters

CG 22 60 — Limitation Of Coverage — Real Estate Operations

CG 22 65 — Optical And Hearing Aid Establishments

CG 22 69 — Druggists

CG 22 71— Colleges Or Schools (Limited Form)

CG 22 72 — Colleges Or Schools

CG 22 74 — Limited Contractual Liability Coverage For Personal And Advertising Injury

CG 22 75 — Professional Liability Exclusion — Computer Software

CG 22 76 — Professional Liability Exclusion — Health Or Exercise Clubs

CG 22 77 — Professional Liability Exclusion — Electronic Data Processing

CG 22 79 — Exclusion — Contractors — Professional Liability

CG 22 80 — Limited Exclusion — Contractors — Professional Liability

CG 22 87 — Exclusion — Adult Day Care Centers

CG 22 88 — Professional Liability Exclusion — Electronic Data Processing Exclusion and Computer Consulting Or Programming Services

CG 22 90 — Professional Liability Exclusion — Spas Or Personal Enhancement Facilities

CG 22 91 — Exclusion — Telecommunication Equipment Or Service Providers Errors And Omissions

CG 24 11 07 98 — Fiduciaries — Fiduciary Interest

Editorial changes have been made to these endorsements to reflect the combined definition of "personal and advertising injury".



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NEW OPTIONAL GENERAL LIABILITY ENDORSEMENTS — KNOWN IN JURY OR DAMAGE

CG 00 57 09 99 — Amendment Of Insuring Agreement — Known Injury Or Damage for use with the Commercial General Liability Coverage Part — Occurrence Version

CG 00 58 09 99 — Amendment Of Insuring Agreement — Known Injury Or Damage And Inspections And Surveys Condition for use with the Owners And Contractors Protective Liability Coverage Part

CG 00 59 09 99 — Amendment Of Insuring Agreement — Known Injury Or Damage And Inspections And Surveys Condition for use with the Railroad Protective Liability Coverage Part

CG 00 60 09 99 — Amendment Of Insuring Agreement - Known Injury Or Damage for use with the Products/Completed Operations Liability Coverage Part — Occurrence Version

CG 00 61 09 99 — Amendment Of Insuring Agreement — Known Injury Or Damage for use with the Liquor Liability Coverage Part — Occurrence Version

The new optional endorsements, which modify the insurance provided by various General Liability Coverage Parts, revise the Insuring Agreements of those affected Coverage Parts to address the issue of known injury or damage. They point out that the insurance does not respond to "bodily injury" or "property damage" that is known by the insured prior to the policy period. The endorsements designate which insureds are those whose prior knowledge of the injury or damage will result in the policy not responding. The endorsements further address the applicability of the General Liability policies in situations involving continuation, change or resumption of the

same "bodily injury" or "property damage" during or after the policy period.

In most states, the revision to the Insuring Agreement of the various General Liability Coverage Parts represents neither a broadening or restriction in coverage from the original intent. However, in certain states, this revision may represent a decrease in coverage. This revision may result in the shifting of coverage, under certain circumstances, between current policies and past or future policies.

CG 28 07 09 99 — Principals Protective Liability Coverage

The Insuring Agreement of this endorsement has been revised to address known injury or damage to be consistent with the revisions made to the Insuring Agreement of the Owners And Contractors Protective Liability Coverage Part and other General Liability Coverage Parts.

NEW POLLUTION EXCLUSION ENDORSEMENT

CG 2165 09 99 — Total Pollution Exclusion With A Building Heating Equipment Exception And A Hostile Fire Exception

This new additional, optional pollution exclusion endorsement excludes all pollution related exposure, but provides coverage exceptions for "bodily injury" arising out of smoke, fumes, vapor or soot from building heating equipment and "bodily injury" and "property damage" arising out of heat, smoke or fumes from a hostile fire. This endorsement generally decreases coverage, but if your prior policy contained a Total Pollution Exclusion (without the building heating equipment exception and the hostile fire exception) this endorsement is a slight increase in coverage. Also, if your prior policy contained endorsement CG 2155 Total Pollution Exclusion With A Hostile Fire Exception (without the building heating equipment exception), this endorsement still represents a slight coverage increase.

G15543 05 00

CHANGE OF DEFINITIONS — GENERAL LIABILITY

The policy definition "personal and advertising injury" is substituted for the definitions "personal injury" and "advertising injury".

The term Fire Damage Liability is deleted and replaced by the term Damage to Premises Rented To You.



CG 00 55 03 97

AMENDMENT OF OTHER INSURANCE CONDITION (OCCURRENCE VERSION)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART (OCCURRENCE VERSION)

Paragraph 4.b. of the **Other Insurance** Condition — (**Section IV — Commercial General Liability Conditions**) is replaced by the following:

4. Other Insurance

b. Excess Insurance

This insurance is excess over:

- (1) Any of the other insurance, whether primary, excess, contingent or on any other basis:
 - (a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
 - (b) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner; or
 - (c) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of COVERAGE A (SECTION I).
- (2) Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been

added as an additional insured by attachment of an endorsement.

When this insurance is excess, we will have no duty under COVERAGES A or B to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.



G14133 09 96

POLICYHOLDER NOTIFICATION
EMPLOYMENT - RELATED PRACTICES EXCLUSION, CG2147

NOTICE TO POLICYHOLDER: TO CLARIFY POLICY INTENT, YOUR POLICY INCLUDES AN EMPLOYMENT-RELATED PRACTICES EXCLUSION, CG 21 47. PLEASE READ THIS EXCLUSION AND, IF YOU HAVE ANY QUESTIONS, CONTACT YOUR AGENT.

L2926 07 91

ABSOLUTE EXCLUSION — ASBESTOS LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

This insurance does not apply to:

1. "Bodily Injury", "Personal Injury" or Property Damage" arising out of or alleged to have arisen out of:
 - a. exposure to asbestos, asbestos fiber, or any material containing asbestos or asbestos products; or
 - b. the removal of asbestos, asbestos fiber, or any material containing asbestos or asbestos products, including, without limitation,

1. the costs of asbestos removal; or
2. "property damage" in the course of effecting such removal.

We shall not be obligated to investigate, or defend the insured against any claim for any liability described above which is asserted against any insured or to pay any judgement entered against any insured for such liability.



CG 21 47 07 98

EMPLOYMENT-RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2., Exclusions of Section I — Coverage A — Bodily Injury And Property Damage Liability:

This insurance does not apply to:

"Bodily injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

B. The following exclusion is added to Paragraph 2., Exclusions of Section I — Coverage B — Personal And Advertising Injury Liability:

This insurance does not apply to:

"Personal and advertising injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.



CG 00 01 07 98

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II — **Who Is An Insured**.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V — Definitions.

SECTION I — COVERAGES

COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III — Limits Of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments — Coverages A and B.

- b. This insurance applies to "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory"; and
- (2) The "bodily injury" or "property damage" occurs during the policy period.

- c. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
 - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
 - (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:



- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. Pollution

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":
 - (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:
 - (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot from equipment used to heat that building;
 - (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or
 - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
 - (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
 - (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or

any person or organization for whom you may be legally responsible; or

- (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

- (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

- (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

- (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".

- (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

- (2) Any loss, cost or expense arising out of any:

- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any

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way respond to, or assess the effects of, "pollutants"; or

- (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 26 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunt-ing activity.

i. War

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection,

rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. Damage To Property

"Property damage" to:

- (1) Property you own, rent, or occupy;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III — Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or

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- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

Exclusions c. through n. do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section III — Limits Of Insurance.

COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III — Limits Of Insurance ; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments — Coverages A and B.

- b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. "Personal and advertising injury":

- (1) Caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury";
- (2) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- (3) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- (4) Arising out of a criminal act committed by or at the direction of any insured;
- (5) For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement;
- (6) Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement";
- (7) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";
- (8) Arising out of the wrong description of the price of goods, products or services stated in your "advertisement";
- (9) Committed by an insured whose business is advertising, broadcasting, publishing or telecasting. However, this exclusion does not apply to Paragraphs 14.a., b. and c. of "personal and advertising injury" under the Definitions Section; or
- (10) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

b. Any loss, cost or expense arising out of any:

- (1) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".



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COVERAGE C MEDICAL PAYMENTS**1. Insuring Agreement**

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
- (1) On premises you own or rent;
 - (2) On ways next to premises you own or rent; or
 - (3) Because of your operations;
- provided that:
- (1) The accident takes place in the "coverage territory" and during the policy period;
 - (2) The expenses are incurred and reported to us within one year of the date of the accident; and
 - (3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:
- (1) First aid administered at the time of an accident;
 - (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
 - (3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

We will not pay expenses for "bodily injury":

- a. To any insured.
- b. To a person hired to do work for or on behalf of any insured or a tenant of any insured.
- c. To a person injured on that part of premises you own or rent that the person normally occupies.
- d. To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.
- e. To a person injured while taking part in athletics.
- f. Included within the "products-completed operations hazard".
- g. Excluded under Coverage A.
- h. Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

SUPPLEMENTARY PAYMENTS — COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:
- a. All expenses we incur.
 - b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

- c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
- e. All costs taxed against the insured in the "suit".
- f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

- a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
- b. This insurance applies to such liability assumed by the insured;
- c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
- d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
- e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
- f. The indemnitee:
 - (1) Agrees in writing to:
 - (a) Cooperate with us in the investigation, settlement or defense of the "suit";
 - (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
 - (c) Notify any other insurer whose coverage is available to the indemnitee; and
 - (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and



(2) Provides us with written authorization to:

- (a) Obtain records and other information related to the "suit"; and
- (b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph 2.b.(2) of Section I — Coverage A — Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

- a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or
- b. The conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

SECTION II — WHO IS AN INSURED

1. If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

2. Each of the following is also an insured:

- a. Your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" is an insured for:
 - (1) "Bodily injury" or "personal and advertising injury";

(a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while that co-"employee" is either in the course of his or her employment or performing duties related to the conduct of your business;

(b) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of Paragraph (1)(a) above;

(c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (b) above; or

(d) Arising out of his or her providing or failing to provide professional health care services.

(2) "Property damage" to property:

(a) Owned, occupied or used by,

(b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

you, any of your "employees", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

b. Any person (other than your "employee"), or any organization while acting as your real estate manager.

c. Any person or organization having proper temporary custody of your property if you die, but only:

(1) With respect to liability arising out of the maintenance or use of that property; and

(2) Until your legal representative has been appointed.

d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

a. "Bodily injury" to a co-"employee" of the person driving the equipment; or

b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.



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4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
- b. Coverage **A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
- c. Coverage **B** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III — LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
2. The General Aggregate Limit is the most we will pay for the sum of:
 - a. Medical expenses under Coverage **C**;
 - b. Damages under Coverage **A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
 - c. Damages under Coverage **B**.
3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage **A** for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to 2. above, the Personal and Advertising Injury Limit is the most we will pay under Coverage **B** for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
 - a. Damages under Coverage **A**; and
 - b. Medical expenses under Coverage **C** because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage **A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage

by fire, while rented to you or temporarily occupied by you with permission of the owner.

7. Subject to 5. above, the Medical Expense Limit is the most we will pay under Coverage **C** for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV — COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

- b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

- c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.



- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages A or B of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.

b. Excess Insurance

This insurance is excess over:

- (1) Any of the other insurance, whether primary, excess, contingent or on any other basis:
 - (a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
 - (b) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
 - (c) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or
 - (d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of Section I — Coverage A — Bodily Injury And Property Damage Liability.
- (2) Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.

When this insurance is excess, we will have no duty under Coverages A or B to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.



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7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V — DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters.
2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".
3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or
 - c. All parts of the world if:
 - (1) The injury or damage arises out of:
 - (a) Goods or products made or sold by you in the territory described in a. above; or
 - (b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and
 - (2) The insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.

5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.

7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.

8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by:

- a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
- b. Your fulfilling the terms of the contract or agreement.

9. "Insured contract" means:
 - a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
 - b. A sidetrack agreement;
 - c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 - d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
 - e. An elevator maintenance agreement;
 - f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement. Paragraph f. does not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;

- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:



- (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
 - (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.
10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
11. "Loading or unloading" means the handling of property:
- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
 - b. While it is in or on an aircraft, watercraft or "auto"; or
 - c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;
- but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".
12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:
- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 - b. Vehicles maintained for use solely on or next to premises you own or rent;
 - c. Vehicles that travel on crawler treads;
 - d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
 - e. Vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2) Cherry pickers and similar devices used to raise or lower workers;
- f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.
- However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":
- (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing; or
 - (c) Street cleaning;
 - (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
- a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
 - d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - e. Oral or written publication of material that violates a person's right of privacy;
 - f. The use of another's advertising idea in your "advertisement"; or
 - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".
15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
16. "Products-completed operations hazard":
- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
 - (1) Products that are still in your physical possession; or

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(2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:

- (a) When all of the work called for in your contract has been completed.
- (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
- (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

b. Does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
- (3) Products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

20. "Your product" means:

- a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (1) You;
 - (2) Others trading under your name; or
 - (3) A person or organization whose business or assets you have acquired; and
- b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

"Your product" includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
- b. The providing of or failure to provide warnings or instructions.

"Your product" does not include vending machines or other property rented to or located for the use of others but not sold.

21. "Your work" means:

- a. Work or operations performed by you or on your behalf; and
- b. Materials, parts or equipment furnished in connection with such work or operations.

"Your work" includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- b. The providing of or failure to provide warnings or instructions.



CG 02 00 04 87

CL 226a
(4-87)

ILLINOIS CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A. CANCELLATION (Common Policy Conditions) is replaced by the following:

CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing to us advance written notice of cancellation.
2.
 - a. We may cancel this policy by mailing to you written notice stating the reason for cancellation.
 - b. If we cancel for nonpayment of premium, we will mail the notice at least 10 days prior to the effective date of cancellation.
 - c. If we cancel for a reason other than nonpayment of premium, we will mail the notice at least:
 - (1) 30 days prior to the effective date of cancellation if the policy has been in effect for 60 days or less.
 - (2) 60 days prior to the effective date of cancellation if the policy has been in effect for more than 60 days.
3. If this policy has been in effect for more than 60 days, we may cancel only for one or more of the following reasons:
 - a. Nonpayment of premium;
 - b. The policy was obtained through a material misrepresentation;
 - c. Any insured has violated any of the terms and conditions of the policy;
 - d. The risk originally accepted has measurably increased;
 - e. Certification to the Director of Insurance of the loss of reinsurance by the insurer that provided coverage to us for all or a substantial part of the underlying risk insured; or
 - f. A determination by the Director of Insurance that the continuation of the policy could place us in violation of the insurance laws of this State.

4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund will be less than pro rata. The cancellation will be effective even if we have not offered a refund.

- B. The following is added and supersedes any provision to the contrary:

NONRENEWAL

1. If we decide not to renew this policy, we will mail written notice stating the reason for nonrenewal no less than 60 days before the expiration date to:
 - a. You; and
 - b. The broker, if known to us, or the agent of record.
2. Even if we do not comply with these terms this policy will terminate:
 - a. On the expiration date if:
 - (1) You fail to perform any of your obligations in connection with the payment of the premium for the policy, or any installment payment, whether payable directly to us or our agents or indirectly under any premium finance plan or extension of credit; or
 - (2) We have indicated our willingness to renew this policy to you or your representative; or
 - (3) You have notified us or our agent that you do not want to renew this policy.
 - b. On the effective date of any other insurance replacing this policy.

C. Mailing of Notices

We will mail cancellation and nonrenewal notices to you, and the agent or broker, at the last addresses known to us. Proof of mailing will be sufficient proof of notice.



CG 01 24 01 93

CL 208b
(1-93)

WISCONSIN CHANGES--AMENDMENT OF POLICY CONDITIONS

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART**

1. The following is added to CHANGES (Common Policy Conditions):

If one of our agents knows of a fact that breaches a condition of this Coverage Part, we will be considered to have knowledge of this same fact if:

- a. The agent knows of this fact at the time the Coverage Part is issued or an application is made; or
- b. The agent later learns of this fact in the course of his dealings as an agent with you.

Any fact that breaches a condition of this Coverage Part and is known to the agent prior to loss shall not void the Coverage Part or prevent a recovery in the event of loss.

2. The LEGAL ACTION AGAINST US Condition (Section IV) does not apply.

3. The following is added to Condition 6. REPRESENTATIONS (Section IV):

No misrepresentation or breach of affirmative warranty made by you or on your behalf in the negotiation of this Coverage Part affects our obligation under this Coverage Part unless:

- a. We rely on it and it is either material or made with intent to deceive; or
- b. The facts misrepresented or falsely warranted contribute to the loss.

No failure of a condition before the loss and no breach of a promissory warranty affects our obligation under this Coverage Part unless such failure or breach:

- a. Exists at the time of the loss; and
- b. Either increases the risk at the time of the loss or contributes to the loss.

The provisions of this condition do not apply to nonpayment of premium.

4. Condition 8. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US (Section IV) is replaced by the following:

In the event of any payment under this Coverage Part, we will be entitled to the insured's rights of recovery against any person or organization and the insured will do whatever is necessary to secure such rights. We will be entitled to a recovery only after the insured has been fully compensated for damages.

5. CONFORMITY TO STATUTE OR RULE

Any provision of this policy (including endorsements which modify the policy) that is in conflict with a Wisconsin statute or rule is hereby amended to conform to that statute or rule.

The term rule means a valid rule promulgated by the Commissioner of Insurance in accordance with the rule-making authority conferred under Wis. Stat. Ann. Section 227.11(2) and published in the Wisconsin Administrative Code.



POLICY NUMBER	ISSUE DATE
AWR809722	02/28/2001

**COMMERCIAL ACCOUNT POLICY
COMMERCIAL INLAND MARINE
COVERAGE PART DECLARATIONS**

NAMED INSURED

JOHN E. REID & ASSOC INC.

INLAND MARINE FORM COVERAGES		
PREMISES NO.	BUILDING NO.	COVERAGE (S)
00001	001	SCHEDULED ARTICLES



G12726 04 96

COMMERCIAL INLAND MARINE COVERAGE PART SCHEDULED ARTICLES DECLARATIONS

Limits of Insurance

Limit of Insurance

A. Schedule of Covered Articles

B. We also cover articles of a similar nature as those scheduled above with a value not to exceed \$1,000 per article. The total value of all such articles does not exceed

C. On file—we cover articles described on a list supplied by you with a limit of insurance for each article. This list is on file at our office located at

The total amount of insurance for all articles does not exceed

Rates and Premiums

	Rate	Premium
A. Scheduled articles	\$0.620	\$310
B. Non-scheduled articles	NOT COVERED	NOT COVERED
C. Schedule on file	NOT COVERED	NOT COVERED
	Premium for this Coverage Form	\$310

Deductible

The deductible amount is \$250.00 unless otherwise stated \$500
and except for the following causes of "loss" or coverage:



CM 00 01 06 95

C1166
(6-95)**COMMERCIAL INLAND MARINE CONDITIONS**

The following conditions apply in addition to the Common Policy Conditions and applicable Additional Conditions in Commercial Inland Marine Coverage Forms:

LOSS CONDITIONS**A. ABANDONMENT**

There can be no abandonment of any property to us.

B. APPRAISAL

If we and you disagree on the value of the property or the amount of "loss," either may make written demand for an appraisal of the "loss." In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of "loss." If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

C. DUTIES IN THE EVENT OF LOSS

You must see that the following are done in the event of "loss" to Covered Property:

1. Notify the police if a law may have been broken.
2. Give us prompt notice of the "loss." Include a description of the property involved.
3. As soon as possible, give us a description of how, when and where the "loss" occurred.
4. Take all reasonable steps to protect the Covered Property from further damage and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent "loss" resulting from a cause of loss that is not a Covered Cause of Loss. Also if feasible, set the damaged property aside and in the best possible order for examination.
5. Make no statement that will assume any obligation or admit any liability, for any "loss" for which we may be liable, without our consent.
6. Permit us to inspect the property and records proving "loss."
7. If requested, permit us to question you under oath, at such times as may be reasonably required, about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed.
8. Send us a signed, sworn statement of "loss" containing the information we request to settle the claim. You

must do this within 60 days after our request. We will supply you with the necessary forms.

9. Promptly send us any legal papers or notices received concerning the "loss."

10. Cooperate with us in the investigation or settlement of the claim.

D. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same "loss," we will not pay more than the actual amount of the "loss."

E. LOSS PAYMENT

We will pay or make good any "loss" covered under this Coverage Part within 30 days after:

1. We reach agreement with you;
2. The entry of final judgment; or
3. The filing of an appraisal award.

We will not be liable for any part of a "loss" that has been paid or made good by others.

F. OTHER INSURANCE

If you have other insurance covering the same "loss" as the insurance under this Coverage Part, we will pay only the excess over what you should have received from the other insurance. We will pay the excess whether you can collect on the other insurance or not.

G. PAIR, SETS OR PARTS

1. **Pair or Set.** In case of "loss" to any part of a pair or set we may:

- a. Repair or replace any part to restore the pair or set to its value before the "loss"; or
- b. Pay the difference between the value of the pair or set before and after the "loss."

2. **Parts.** In case of "loss" to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

H. PRIVILEGE TO ADJUST WITH OWNER

In the event of "loss" involving property of others in your care, custody or control, we have the right to:

1. Settle the "loss" with the owners of the property. A receipt for payment from the owners of that property will satisfy any claim of yours.
2. Provide a defense for legal proceedings brought against you. If provided, the expense of this defense will be at our cost and will not reduce the applicable Limit of Insurance under this insurance.

I. RECOVERIES

Any recovery or salvage on a "loss" will accrue entirely to our benefit until the sum paid by us has been made up.



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J. REINSTATEMENT OF LIMIT AFTER LOSS

The Limit of Insurance will not be reduced by the payment of any claim, except for total "loss" of a scheduled item, in which event we will refund the unearned premium on that item.

K. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this insurance has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after "loss" to impair them.

GENERAL CONDITIONS**A. CONCEALMENT, MISREPRESENTATION OR FRAUD**

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by you or any other insured, at any time, concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all the terms of this Coverage Part; and
2. The action is brought within 2 years after you first have knowledge of the "loss."

C. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property, will benefit from this insurance.

D. POLICY PERIOD

We cover "loss" commencing during the policy period shown in the Declarations.

E. VALUATION

The value of property will be the least of the following amounts:

1. The actual cash value of that property;
2. The cost of reasonably restoring that property to its condition immediately before "loss"; or
3. The cost of replacing that property with substantially identical property.

In the event of "loss," the value of property will be determined as of the time of "loss."



CM 02 04 04 87

CI 221b
(4-87)**ILLINOIS CHANGES**

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

- A. CANCELLATION (Common Policy Conditions) is replaced by the following:

CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing to us advance written notice of cancellation.
2.
 - a. We may cancel this policy by mailing to you written notice stating the reason for cancellation.
 - b. If we cancel for nonpayment of premium, we will mail the notice at least 10 days prior to the effective date of cancellation.
 - c. If we cancel for a reason other than nonpayment of premium, we will mail the notice at least:
 - (1) 30 days prior to the effective date of cancellation if the policy has been in effect for less than 60 days.
 - (2) 60 days prior to the effective date of cancellation if the policy has been in effect for more than 60 days.
3. If this policy has been in effect for more than 60 days, we may cancel only for one or more of the following reasons:
 - a. Nonpayment of premium;
 - b. The policy was obtained through a material misrepresentation;
 - c. Any insured has violated any of the terms and conditions of the policy;
 - d. The risk originally accepted has measurably increased;
 - e. Certification to the Director of Insurance of the loss of reinsurance by the insurer that provided coverage to us for all or a substantial part of the underlying risk insured; or
 - f. A determination by the Director of Insurance that the continuation of the policy could place us in violation of the insurance laws of this State.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund will be less than pro rata. The

cancellation will be effective even if we have not offered a refund.

- B. The following is added and supersedes any provision to the contrary:

NONRENEWAL

1. If we decide not to renew this policy, we will mail written notice of nonrenewal no less than 60 days before the expiration date to:
 - a. You; and
 - b. The broker, if known to us, or the agent of record.
2. Even if we do not comply with these terms, this policy will terminate:
 - a. On the expiration date if:
 - (1) You fail to perform any of your obligations in connection with the payment of the premium for the policy, or any installment payment, whether payable directly to us or our agents or indirectly under any premium finance plan or extension of credit; or
 - (2) We have indicated our willingness to renew this policy to you or your representative; or
 - (3) You have notified us or our agent that you do not want to renew this policy.
 - b. On the effective date of any other insurance replacing this policy.

C. Mailing of Notices

We will mail cancellation and nonrenewal notices to you, and the agent or broker, at the last addresses known to us. Proof of mailing will be sufficient proof of notice.

- D. Commercial Inland Marine General Condition **B. LEGAL ACTION AGAINST US** is replaced by the following:

B. LEGAL ACTION AGAINST US

No one may bring a legal action against us:

1. Until there has been full compliance with all the terms of this Coverage Part; and
2. More than 2 years after you first have knowledge of a "loss." But we will extend this 2 year period by the number of days between the date proof of "loss" is filed and the date the claim is denied in whole or in part.



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ILLINOIS CHANGES — INTENTIONAL ACTS

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

The following exclusion is added:

- A. We will not pay for loss or damage arising out of any act committed:
 - 1. By or at the direction of any insured; and
 - 2. With the intent to cause a loss.
- B. However, this exclusion will not apply to deny payment to an innocent co-insured who did not cooperate in or contribute to the creation of the loss if:
 - 1. The loss arose out of a pattern of criminal domestic violence; and
 - 2. The perpetrator of the loss is criminally prosecuted for the act causing the loss.
- C. If we pay a claim pursuant to Paragraph B., our payment to the insured is limited to that insured's insurable interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.



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SCHEDULED ARTICLES COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F - DEFINITIONS.

A. COVERAGE

We will pay for "loss" to Covered Property from any of the Covered Causes of Loss.

1. COVERED PROPERTY, as used in this Coverage Form, means:

Articles scheduled in the Declarations which are your property or the property of others in your care, custody or control.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Contraband or property in the course of illegal transportation or trade;
- b. Property which you have leased or rented to others.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property except those causes of "loss" listed in the Exclusions.

B. EXCLUSIONS

1. We will not pay for a "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss".

a. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

b. Nuclear Hazard

(1) Any weapon employing atomic fission or fusion; or

(2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

c. War and Military Action

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against actual or expected attack, by any government, sovereign or other authority using military personal or other agents; or

(3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for a "loss" caused by or resulting from any of the following:

a. Delay, loss of use, loss of market or any other consequential loss;

b. Dishonest acts by:

(1) You, your employees or authorized representatives;

(2) Anyone else with an interest in the property, or their employees or authorized representatives; or

(3) Anyone else to whom the property is entrusted.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

But this exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire;

c. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense;

d. Unauthorized instructions to transfer property to any person or to any place;

e. Breakage of fragile items such as glassware, statuary, marble, bric-a-brac, porcelains or other items of a brittle nature. This exclusion does not apply if the "loss" is caused directly by:



Form N



- (1) Fire or lightning;
- (2) Explosion, windstorm or aircraft;
- (3) Earthquake or flood;
- (4) Malicious damage or theft; or
- (5) Collision, derailment or overturn of the vehicle carrying the property.

- f. Mechanical breakdown of any machine. But if loss or damage by fire results, we will cover that loss or damage;
 - g. "Loss" to personal property caused by the actual work upon, installation or testing of such personal property. But if "loss" by fire or explosion results, we will cover that resulting "loss";
 - h. Dryness, dampness, changes in temperature, corrosion or rust.
3. Will not pay for a "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "loss".
- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the "loss";
 - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body;
 - c. Faulty, inadequate or defective:
 - (1) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (2) Materials used in repair, construction, renovation or remodeling; or
 - d. Wear and tear, any quality in the property that caused it to damage or destroy itself, gradual deterioration; insects, vermin or rodents.

C. LIMITS OF INSURANCE

The most we will pay for "loss" in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

D. DEDUCTIBLE

We will not pay for "loss" in any one occurrence until the amount of the adjusted "loss" before applying the ap-

plicable Limit of Liability exceeds the Deductible in the Declarations. We will then pay the amount adjusted "loss" in excess of the Deductible, up to the applicable Limit of Insurance.

E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

1. COVERAGE TERRITORY

We cover property wherever located within:

- (1) The United States of America;
- (2) Puerto Rico; and
- (3) Canada.

2. COINSURANCE

All items that are covered must be insured for their total value as of the time of "loss" or you will incur a penalty.

The penalty is that we will pay only the proportion of any "loss" to these items that the Limit of Insurance shown in the Miscellaneous Articles Coverage Schedule or in the Declarations for them bears to their total value as of the time of "loss."

3. ADDITIONAL ACQUIRED PROPERTY

If during the policy period you acquire additional property of a type already covered by this form, we will cover such property for up to 60 days, but not beyond the end of the policy period. The most we will pay in a "loss" is the lesser of:

- a. 25% of the total Limit of Insurance shown in the Declarations for that type of property; or
- b. \$25,000.

You will report such property within 60 days from the date acquired and will pay any additional premium due. If you do not report such property, coverage will cease automatically 60 days after the date the property is acquired or at the end of the policy period, whichever occurs first.

F. DEFINITION

"Loss" means accidental loss or damage.